



## **MILKFOOD LIMITED**

**CIN : L15201PB1973PLC003746**

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

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

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

### **NOTICE**

**NOTICE** is hereby given that the 42nd 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 Tuesday, the 29th September, 2015 at 9.00 A.M. to transact the following business:

#### **ORDINARY BUSINESS:**

- (1) To receive, consider and adopt:
  - (a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2015, the Report of Board of Directors and Auditors thereon; and
  - (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2015.
- (2) To appoint a Director. Mr. Kewal Krishan Kohli, Director (DIN: 00127337), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
- (3) Appointment of Auditors:

**To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, M/s. Madan & Associates, Chartered Accountants, (FRN-000185N) be and are hereby re-appointed as the statutory auditors of the Company, to hold office from the conclusion of this annual general meeting till the conclusion of the 44th annual general meeting to be held in the year 2017 (subject to ratification of their appointment by the members of the Company at every subsequent annual general meeting) and on such remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed upon by the Board of Directors and the Auditors.”

#### **SPECIAL BUSINESS:**

- (4) **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Articles of Association of the Company be and are hereby replaced with the new set of Articles of Association and the said new Articles of Association be and are hereby approved and adopted as the Articles of Association of the Company in place of, in substitution and to the entire exclusion of the existing Articles of Association of the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto in this regard.”

- (5) **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

“**RESOLVED THAT** in supersession of the earlier resolution(s) passed in this regard and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sums of money, from time to time, as they may deem requisite for the purpose of the business of the Company notwithstanding that money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may at any time exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total borrowings of the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed its aggregate of paid up capital and free reserves by more than Rs. 150 Crores (Rupees One Hundred Fifty Crores only).”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto in this regard.”

**(6) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**“RESOLVED THAT** in supersession of the earlier resolution(s) passed in this regard and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof and other applicable provisions, if any of the said Act, 2013, consent of the members of the Company be and is hereby accorded to the Board of Directors, to mortgage, hypothecate, pledge and/or create charge in addition to the mortgage, hypothecate, pledge and/or charge already created, in such form, manner and ranking on such terms as the Board deems fit in the interest of the Company, on all or any of the immovable and movable properties (including pledge of securities held in subsidiaries) of the Company, present and future and/or any other assets or properties, either tangible or intangible in favour of any Bank(s) or Financial Institution(s) situated within or outside India (hereinafter referred to as “the Lenders”) to secure repayment of rupee term loans or foreign currency loans or combination of both not exceeding its aggregate of paid up capital and free reserves by more than Rs. 150 crores (Rupees One Hundred Fifty Crores only) advanced or agreed to lend and advance to the Company either jointly or severally or in any other combination thereof, as the case may be, in terms of the loan agreement(s), entered into/ to be entered into by the Company with each of the lenders.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto in this regard.”

**(7) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Rules issued thereunder, including the Companies (Meeting of Board and its Powers) Rules, 2014 (subject to any modification(s) and/or re-enactment thereof for the time being in force) consent of the members of the Company be and is hereby accorded for the payment of remuneration of Rs. 10,00,000/- p.m. (Rupees Ten Lacs only) to Ms. Roshini Sanah Jaiswal, Executive Director (Operations) of the Company w.e.f. 01.04.2014.”

**“RESOLVED FURTHER THAT** the appointment of Ms. Roshini Sanah Jaiswal, Executive Director (Operations) be and is hereby approved for a period of five years with effect from 01.04.2013.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings as may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.”

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

**Rakesh Kumar Thakur**  
Company Secretary  
Membership No: 32425

Place : New Delhi  
Date : 27th July, 2015

**NOTES:**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his stead and such proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective should be duly completed, stamped, signed and must be sent to Company so as to reach at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total paid up share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxy Form enclosed.**
- 2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto and forms part of Notice.**

3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2015 to 28th September, 2015 (both days inclusive).
4. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
5. In case of joint holders, only such joint holder, who is higher in the order of names, will be entitled to attend and vote at the meeting.
6. Pursuant to Clause 49 of the Listing Agreement, additional information on Director seeking reappointment at the annual general meeting is provided in the Annual Report.
7. Members/Proxies attending the meeting are requested to bring the Attendance Slips (duly completed) in the meeting.
8. Members holding the shares in physical form are requested to forward all applications for transfer of shares and all other shares related correspondence including intimation for change of address to the Registrar and Share Transfer Agent (RTA) of the Company at Alankit Assignments Ltd., RTA Division, Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi-110055, or to the Company at 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.
9. In compliance with the Listing Agreement and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide the facility to exercise the right to vote at the 42nd Annual General Meeting (AGM) by electronic means on all the items of business given in the Notice to its members holding shares as on **22nd September, 2015** being the cut-off date (i.e. record date for the purpose of Rule 20 of the Rules) fixed for determining voting rights of members entitled to participate in the voting process. The facility of casting the votes by the members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited ("CDSL"). The e-voting facility will be available at the link **www.evotingindia.com**.
10. The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-voting process along with printed attendance slips and proxy forms can be downloaded from the link **www.milkfoodltd.com** or **www.cdslindia.com**.
11. The Company has appointed Mrs. Kamlesh Gupta, Company Secretary, as 'scrutinizer' (the "Scrutinizer"), for conducting the e-voting process for the annual general meeting (AGM) in a fair and transparent manner. The results of the e-voting shall be declared after the AGM of the Company and shall be placed on the website of the company at **www.milkfoodltd.com** and on the website of the Agency **www.cdslindia.com**.
12. During the e-voting period, members of the Company, may cast their votes electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
13. The facility for voting through ballot paper shall be made available at the venue of the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
14. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again in the meeting.
15. Members holding multiple folios/demat accounts may choose the voting process separately for each folio/demat account.
16. The voting rights of the members shall be in proportion to the paid up value of their shares in the equity capital of the Company as on the cut-off date.
17. A member can opt only one mode of voting i.e. either in person or through proxy at the meeting or through e voting.
18. Members are requested to intimate to the Company the details, if any, required in relation to this Annual Report at least 10 days before the meeting to enable the Management to keep the information ready.

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

##### **Item No.4:**

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain reference to specific sections of the Companies Act, 1956 and some articles in the existing AoA are no longer in conformity with the Act. With the enactment of the Companies Act, 2013 and substantive sections of the Act which deal with

the general working of the Companies stand notified, several regulations in the existing AoA of the Company require alteration and/or deletion.

So, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new set of AoA to be replaced in place of the existing AoA is based on Table F of Schedule I of the Companies Act, 2013 which sets out the model AoA for a Company limited by shares and also carries forward certain provisions from the existing AoA suitably rephrased and which are not in conflict with the provisions of the Companies Act, 2013.

The proposed new draft of AoA is available for inspection to the shareholders at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M to 1.00 P.M till the date of the meeting.

None of the Directors/ Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this item of business.

The Board recommends the Special Resolution set out at item No. 4 of the Notice for approval of members.

**Item No. 5 :**

As per Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the Company and its free reserve requires approval from the shareholders of the Company. The shareholders of the Company had by an ordinary resolution passed in Annual General Meeting held on 8th June, 2006 authorized the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company which may exceed of its aggregate of the paid-up capital and free reserves, for the business of the Company but shall not exceed by Rs. 75 Crores at any time. Keeping in view, the enhanced requirement of loans and the legal requirements of Section 180(1)(c) of the Companies Act, 2013 which provides that the Board of Directors of the Company shall exercise the said power only with the consent of the Company by a special resolution, the Resolution is being proposed to be passed as a special resolution.

The Board recommends the Special Resolution set out at item No. 5 of the Notice for approval of members.

None of the Directors/ Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this item of business.

**Item No. 6 :**

Section 180(1)(a) of the Companies Act, 2013, provides that the Board of Directors of a Company shall not without the consent of members mortgage, hypothecate, pledge and/or create charge on the assets of the Company, hence it is necessary for the members to pass a special resolution under section 180(1)(a) of the Companies Act, 2013 authorizing the Board of Directors to mortgage / charge on the properties of the Company.

The Board recommends the Special Resolution set out at item No. 6 of the Notice for approval of members.

None of the Directors/ Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this item of business.

**Item No. 7:**

Ms. Roshini Sanah Jaiswal, was appointed as the Executive Director (Operations) of the Company. She belongs to the Promoter Group of the Company. Ms. Roshini Sanah Jaiswal is a qualified MBA (Economics & Political Science) and has a vast commercial & administrative experience of more than 20 years.

She has made substantial contribution in the development of Dairy Whitener, design of packing material, listing in prime institutions for supply.

With her inputs in advertisement and marketing, Dairy whitener has been well recieved in the market. Considering her vast professional experience, it is proposed to pay remuneration of Rs. 10,00,000/- (Rupees Ten Lacs) per month.

So it is proposed to seek the approval of members of the company for the aforesaid appointment for five financial years commencing from 1st April, 2013.

Accordingly, the Board of Directors of your Company recommends the same to be get approved by the members of the Company by way of an Ordinary Resolution as set out at item No. 7 of the Notice.

None of the Directors/ Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this item of business.

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

- (i) The voting period begins on 26th September, 2015 at 9.00 a.m. and ends on 28th September, 2015 at 5.00 p.m. During this period shareholders' of the Company holding shares either in physical form or in dematerialized form as on **22nd September, 2015** being the **cut-off date** (record date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a member of the company as on the cut-off date should treat this Notice for the information purposes only.
- (ii) The shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website **www.evotingindia.com**.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. <b>Sequence number is printed on Attendance Slip.</b></li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

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

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

Any person who acquires shares of the Company and become member of the Company after despatch of the notice and holding shares as on the cut off date i.e. 22nd September, 2015 may follow the same instructions as mentioned above for evoting.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**. or to Mr. Wenceslaus Furtado, Deputy Manager, Contact No. : 18002005533, Address: Central Depository Securities (India) Limited, 16th Floor, P.J. Tower, Dalal Street Fort, Mumbai-400001.

#### **FOR KIND ATTENTION OF THE MEMBERS OF THE COMPANY**

1. Members of the Company may kindly note that the shares of the Company are traded on Bombay Stock Exchange Ltd. (BSE) compulsorily in demat mode. Hence, by holding the shares in demat mode you can deal freely in the shares at market value.
2. The Company is sending communication under the Green Initiative of the Ministry of Corporate Affairs including Notice for AGM, Explanatory Statement thereto, Balance Sheet, Directors’ Report, Auditor’s Report, Financial Statements etc. through email to shareholders whose emails are registered with the Company. While going through the Register of Members, we have noticed that there are members who have not registered their email IDs with the Company. Consequently, we are unable to send communications to them electronically. In compliance with provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 and applicable provisions of the Companies Act, 2013 and Rules made there under, we request the members to register/update their email IDs with the RTA of the Company in respect of their physical holding at the following address either by post or by e-mail :

Alankit Assignments Limited  
RTA Division, Alankit Heights,  
1E/13 Jhandewalan Extension, New Delhi- 110055  
Email: rta@alankit.com Telephone: 011-42541234

or to their Depository Participants if they are holding shares in electronic form.



**MILKFOOD LIMITED**

**CIN : L15201PB1973PLC003746**

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

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

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

**FORM NO. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	L15201PB1973PLC003746		
Name of the Company:	MILKFOOD LIMITED		
Registered Office:	P.O. Bahadurgarh-147021, Distt. Patiala (Punjab)		
Name of the member(s)			
Registered Address:			
E-mail Id			
Folio No/Client Id		DP ID	

I/We, being the member(s) of.....shares of the above named company, hereby appoint

1.	Name			
	Address		Signature	
	E-mail id		Signature	
	or failing him			
2.	Name			
	Address		Signature	
	E-mail id		Signature	
	or failing him			
3.	Name			
	Address		Signature	
	E-mail id			

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Tuesday, the 29th September, 2015 at 09.00 A.M. at the Regd. Office of the Company at P.O. Bahadurgarh-147021, Distt. Patiala (Punjab).

**Resolution No. as per Notice**

S. No.	RESOLUTION	FOR	AGAINST
1.	To receive consider and adopt of audited financial statements of the Company for the year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon and also audited consolidated financial statement of the Company for the financial year ended on March 31, 2015.		
2.	To re-appoint Mr. Kewal Krishan Kohli (DIN : 00127337), who retires by rotation.		
3.	To re-appoint auditors and fix their remuneration.		
4.	To adopt new set of Article of Association of the Company.		
5.	To fix the limit on borrowing power of the Company.		
6.	To create charge / mortgage on the assets and properties of the Company.		
7.	To approve Related Party Transaction.		

Signed this.....day of.....2015

Signature of Shareholder.....

Signature of Proxy holder(s).....

Affix a Revenue Stamp
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**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.



## MILKFOOD LIMITED

CIN : L15201PB1973PLC003746

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

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

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

Folio No./DP ID/ Client ID No.	
No of Shares Held	

### ATTENDANCE SLIP

I/We record my/our presence at the 42nd Annual General Meeting of the Company at the Regd. Office of the Company at P.O. Bahadurgarh-147021, Distt. Patiala (Punjab) on Tuesday, the 29th September, 2015 at 09.00 A.M.

NAME OF THE SHAREHOLDER(S) (in Block Letters)	
SIGNATURE OF THE SHAREHOLDER(S)	
NAME OF THE PROXY (in Block Letters)	
SIGNATURE OF THE PROXY	

NOTE: You are requested to sign and hand over this slip at the entrance of the meeting venue.

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### The Electronic Voting Particulars are as follows:

EVSN	User ID	Sequence No.
150804009		

# MILKFOOD LIMITED

Annual Report

for the year ended 31st March, 2015



milkfood

**BOARD OF DIRECTORS**

ASHA GADI  
AMARJEET KAPOOR  
ANIL GIROTRA  
KEWAL KRISHAN KOHLI

**AUDITORS**

Madan & Associates  
Chartered Accountants  
New Delhi

**BANKERS**

State Bank of Patiala  
Canara Bank

**REGISTERED OFFICE**

Bahadurgarh  
Distt. Patiala-147021  
(Punjab)

**WORKS**

Bahadurgarh  
Distt. Patiala-147021  
(Punjab)

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

**HEAD OFFICE**

Bhandari House  
91, Nehru Place  
New Delhi-110 019

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# Directors' Report

## TO THE MEMBERS

The Directors present their 42nd Annual Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2015.

### 1. FINANCIAL RESULTS

	(Rs./Lacs) 2014-15	(Rs./Lacs) 2013-14
Profit/(Loss) after charging all expenses before depreciation	807	896
Deduct: Depreciation	636	584
Profit/(Loss) for the year	<u>171</u>	<u>312</u>
Current Tax	34	55
Deferred Tax	37	102
Profit/(Loss) after tax before discontinuing operation	<u>100</u>	<u>155</u>
Profit/(Loss) from discontinuing operation	<u>0</u>	<u>(37)</u>
Transferred to General Reserve	<u>100</u>	<u>118</u>

### 2. OPERATIONS

During the period under Report, the Company's sales and other income are Rs.37249 lacs and cash profit is Rs.807 lacs as compared to last year's figures of Rs.43325 lacs and cash profit of Rs.896 lacs respectively. After depreciation, the profit for the year is Rs.171 lacs as compared to the profit of Rs. 312 lacs in the previous year.

### 3. DAIRY WHITENER

During the year under review and looking at the emerging markets with a great demand for Dairy Whitener, the Company has launched a new product 'Dairy Whitener'. This has been accepted well in the market which further encouraged the Company to continue to improve its competitiveness through quality checks. In order to have a fair market share, Company is going in for aggressive marketing with a focus on advertisement in print and TV media. The Company has executed good orders of Dairy Whitener with the institutional buyers. Further company is concentrating in the eastern sector of the country which has a good potential for the product.

### 4. 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.

### 5. FIXED DEPOSITS

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

- (a) Accepted during the year - Nil;
- (b) There were 31 unpaid or unclaimed fixed deposits with the Company amounting to Rs. 9.59 Lacs as at the end of the year;
- (c) There has not been any default in repayment of deposits or payment of interest there on during the year.

### 6. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and of its subsidiary duly audited by the statutory auditors are presented in the Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards and wherever applicable, Listing Agreement as prescribed by the Securities and Exchange Board of India.

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

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

## **7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

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

## **8. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

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

## **9. DIRECTORS**

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

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

As per the provisions of the Companies Act, 2013 and Listing Agreement, Mr. Anil Girotra and Mrs. Asha Gadi had been appointed as the Independent Directors of the Company and their appointment was confirmed by the members of the Company in their Annual General Meeting held on 27th September, 2014 to hold the office for 5 consecutive years.

Mr. K. K. Kohli and Mr. Amarjeet Kapoor continue to be the Non Executive Directors of the Company.

During the year under review, Mr. Suresh Alipuria, Director, has resigned from the Directorship of the Company w.e.f. 28th June, 2014. The Board places on record its sincere appreciation for the useful services rendered by Mr. Suresh Alipuria during his tenure of services with the Company.

## **10. DECLARATION OF INDEPENDENCE**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

## **11. MEETINGS OF THE BOARD OF DIRECTORS**

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

## **12. COMMITTEES**

As per the provisions of Section 177 and 178 of the Companies Act, 2013 and the Listing Agreement, the Company is having an Audit Committee and a Nomination and Remuneration Committee and stakeholders Relationship Committee. The Composition and details of their meetings are given in the Corporate Governance Report.

## **13. KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of the Companies Act, 2013, Mr. Sudhir Avasthi has been appointed as the Chief Executive Officer of the Company and Mr. Sanjeev Kothiala as the Chief Financial Officer of the Company.

In accordance with Section 203 of the Companies Act, 2013, the Company has appointed Mr. Rakesh Kumar Thakur as the Company Secretary of the Company w.e.f. 01.03.2015.

Mrs. Rishbha Ahluwalia, ceased to be Company Secretary of the Company w.e.f. 02.02.2015.

## **14. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the financial statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;

- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 15. RELATED PARTY TRANSACTIONS

Ms. Roshini Sanah Jaiswal has been appointed w.e.f. 01.04.2013 as the Executive Director (Operations), incharge of overseas operations and new products of the Company. During the financial year 2013-14, the Company had achieved an all time high turnover of 4800 MT in the export of skimmed milk powder. During the financial year 2014-15, there was a substantial decline in the international prices of skimmed milk powder and the Company therefore logically felt necessary to develop the new product. She made substantial contribution in the development of dairy whitener, design of packing material, listing in prime institutions for supply.

During the current financial year she has been paid a total remuneration of Rs. 10 Lac per month. During the next financial year she will continue to get the same remuneration. Her appointment is for a period 5 years with effect from 01.04.2013. Approval of the shareholders is being sought by the Company.

All related party transactions which were entered into during the financial year were on arm's length basis and in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large.

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

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

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

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at [www.milkfoodltd.com](http://www.milkfoodltd.com).

## 16. AUDITORS

### 16.1 STATUTORY AUDITORS

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

### 16.2 AUDITORS' REPORT

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

### 16.3 SECRETARIAL AUDITORS

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

### 16.4 INTERNAL AUDITORS

In order to strengthen the internal control systems, to minimize the losses and considering the size and nature of business, the Company has appointed an independent firm of Chartered Accountants M/s Lalit Kumar & Co. as the Internal Auditors of the Company to perform the functions of internal audit.

### 16.5 COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, dated 30th June, 2014 notified by the Ministry of Corporate Affairs which exempted certain industries from the purview of Cost Audit, our Company was exempted from the cost audit for the financial year 2014-15.

## 17. REMUNERATION POLICY

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

## 18. RISK MANAGEMENT POLICY

Pursuant to Section 134(3) (n) of the Companies Act, 2013 & Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Policy. The Company is aware of the risks associated with the business of the Company. It regularly analyses and takes corrective actions for managing / mitigating the same.

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

## **19. PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the Directors being evaluated). The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board also carried out annual performance evaluation of the working of its Audit Committee, Nomination and Remuneration as well as Stakeholders Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

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

Performance evaluation of Directors:

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

Performance evaluation of Board and Committees:

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

## **20. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS**

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

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

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

## **22. CORPORATE SOCIAL RESPONSIBILITY**

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

## **23. CORPORATE GOVERNANCE REPORT**

As per Clause 49 of the Listing Agreement with the Stock Exchange, a separate Report on Corporate Governance and a Certificate from the Practising Company Secretary, regarding the compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

## **24. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

## **25. 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 2015-16 has been paid.

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

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



## 27. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “Annexure 4”.

## 28. PARTICULARS OF EMPLOYEES

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

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

## 29. GREEN INITIATIVES

Electronic copies of the Annual Report 2015 and Notice of the 42nd AGM are being sent to all members whose email addresses are registered with the Company /RTA/ Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2015 and the Notice of the AGM are being sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Annual Report 2015 is also available on our website, [www.milkfoodltd.com](http://www.milkfoodltd.com).

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35 of the Listing Agreement. The instructions for e-voting are provided in the Notice.

## 30. PREVENTION OF INSIDER TRADING

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

## 31. VIGIL MECHANISM

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.milkfoodltd.com](http://www.milkfoodltd.com).

## 32. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

## 32. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : New Delhi  
Date : 27th July, 2015

**Amarjeet Kapoor**  
Director  
DIN:00122843

**K.K Kohli**  
Director  
DIN:00127337

## Annexure - 1

### Form AOC-1

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

#### Part "A": Subsidiaries

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

Sl.No.	Particulars	Details
1.	Name of the subsidiary	MFL Trading Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2014 to 31/03/15
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees
4	Share capital	100000
5	Reserves & Surplus	(71268)
6	Total assets	39132
7	Total Liabilities	39132
8	Investments	-
9	Turnover	-
10	Profit before taxation	(34712)
11	Provision for taxation	-
12	Profit after taxation	(34712)
13	Proposed Dividend	-
14	% of shareholding	100

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

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

#### Part "B": Associates and Joint Ventures

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

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

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

**MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(For the financial year ended 31st March, 2015.)**

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

To

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable** during the reporting period as the Company has not received any foreign direct investment, Company has not made any overseas investments and there are no external commercial borrowings during the period under audit.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeover) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable** as the Company has not issued any securities during the year under audit.
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – **Not applicable** as the Company has not granted any Options to its employees during the year under audit.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable** as the Company has not issued any debt securities during the year under audit.
  - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not applicable** as the Company is not registered as a Registrar to an issue and Share Transfer Agent during the year under audit.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable** as the Company has not got delisted its equity shares from the Stock Exchange during the year under audit.
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1988 - **Not applicable** as the Company has not bought back any of its securities during the year under audit.
- vi. The Food Safety and Standards Act, 2006 and the Rules and Regulations made thereunder.

I also have examined compliances with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India – **Not applicable** as the Standards were notified but they are applicable w.e.f. 1st July, 2015.
- (ii) The Listing Agreement entered into by the Company with the Stock Exchange.

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

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

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

All the decisions of the Board meetings and Committee meetings are carried out unanimously as recorded in their respective minute books. There was not dissenting vote on any matter.

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

As informed, the Company has duly paid the compounding fees levied by the Company Law Board (CLB) New Delhi for compounding the offences under sections 217, 211 and 209 of the Companies Act, 1956 and the Company has taken the corrective measures, actions wherever necessary.

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

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

Place : Gurgaon  
Date : 25th June, 2015

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

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## Annexure-2-A

To

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

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

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

Place : Gurgaon  
Date : 25th June, 2015

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

### Annexure-3

Information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015.

#### 1. CONSERVATION OF ENERGY

- I. Your Company has been making efforts to reduce energy consumption by focusing on improving the steam efficiency and capacity utilization, upgradation of technology, modernization of plants/ training and motivation of employees towards energy conservation.
- II. The Company has installed steam turbine for generation of electricity and fuel efficient boiler. Implementation of refrigeration systems consuming low power has been completed. After implementation of the above measures, lower energy consumption has resulted in reduction of cost of processing.
- III. There is no capital investment on energy conservation equipments during the year.

Details pertaining to energy consumption as prescribed are given hereunder:

	<b>Year ended 31.03.2015</b>	Year ended 31.03.2014
A) Power and Fuel consumption		
1) Electricity		
a) Purchased		
Units	<b>5,400,340</b>	5,199,875
Total Value	(Rs.) <b>41,444,672</b>	40,565,835
Rate/Unit	(Rs.) <b>7.67</b>	7.80
b) Own Generation		
(i) Through Diesel Generator		
Units	<b>75,724</b>	81,525
Total Value	(Rs.) <b>1,637,591</b>	1,796,157
Unit per litre of:		
Diesel Oil	<b>2.53</b>	2.40
Cost/Unit	(Rs.) <b>21.63</b>	22.03
(ii) Through Steam Turbine		
Units	<b>980,246</b>	980,246
Total Value	(Rs.) <b>—</b>	—
Unit per Kgs of:		
Steam	<b>0.03</b>	0.03
Cost/Unit	(Rs.) <b>—</b>	—
2) Others/Internal Generation		
Rice Husk/Petroleum Coke/Charcoal Buggase/Fire Wood		
Quantity(MT)	<b>14,568</b>	19,893
Total Amount	(Rs.) <b>52,043,957</b>	71,712,230
Avg. Rate	(Rs.) <b>3,572</b>	3,605

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

#### 2. TECHNOLOGY ABSORPTION

The Company has not imported any technology for the various products being produced / marketed by it. Up-gradation of technology is a continuous process. There is ongoing work for the quality improvement, finding alternative packing materials, improvement in the various processes. The major achievement by the company due to their continuous research and development activities is the improvement in the manufacturing process and operation procedures and reduction of the cost of production.

No expenditure has increased on research & development during the year.

#### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in note no.1 B (III) & (VI) in Schedule No. 1-Significant Accounting Policies and Notes to Accounts. Members are requested to please refer to these notes for the relevant information.

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2015

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

**1. REGISTRATION & OTHER DETAILS:**

i	CIN	LI5201PB1973PLC003746
ii	Registration Date	31-03-1973
iii	Name of the Company	Milkfood Limited
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office and contact details	Bahadurgarh, Distt. Patiala (Punjab)-147021 Ph. 0175-2381404, Fax: 0175-2380248
vi	Whether Listed Company	Yes (Listed in BSE Ltd.)
vii	Name, Address and Contact details of Registrar and TransferAgent, if any	Alankit Assignments Limited Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi-110055 Phone: 011-42541234, 23541234, E-mail: rta@alankit.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Ghee	99611222	72
2	Milk Powder	99611224	28

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)****i) Category-wise Share Holding**

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	0	2600	2600	0.05	0	2600	2600	0.05	0
b) Banks/FI	50	450	500	0.01	50	450	500	0.01	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	187000	0	187000	3.83	187000	0	187000	3.83	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub Total: (B) (1)</b>	<b>187050</b>	<b>3050</b>	<b>190100</b>	<b>3.89</b>	<b>187050</b>	<b>3050</b>	<b>190100</b>	<b>3.89</b>	<b>0</b>
<b>2) Non Institutions</b>									
a) Bodies Corporates	1387073	4962	1392035	28.49	1397962	4962	1402924	28.71	+0.22
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	403470	411240	814710	16.67	400615	402472	803087	16.44	-0.23
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakhs	37502	0	37502	0.77	36002	0	36002	0.74	-0.03
c) Any other (specify)									
(i) NRIs	2059	1200	3259	0.07	4293	1200	5493	0.11	+0.04
(ii) Trust	200	300	500	0.01	500	0	500	0.01	0
<b>Sub-Total (B) (2):-</b>	<b>1830304</b>	<b>417702</b>	<b>2248006</b>	<b>46.00</b>	<b>1839372</b>	<b>408634</b>	<b>2248006</b>	<b>46.00</b>	<b>0</b>
<b>Total Public Share holding (B)=(B) (1)+(B) (2)</b>	<b>2017354</b>	<b>420752</b>	<b>2438106</b>	<b>49.89</b>	<b>2026422</b>	<b>411684</b>	<b>2438106</b>	<b>49.89</b>	<b>0</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>4465688</b>	<b>420752</b>	<b>4886440</b>	<b>100</b>	<b>4474756</b>	<b>411684</b>	<b>4886440</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters**

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

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

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

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	Dhanvani Investments Private Ltd. As at 01/04/2014 As at 31/03/2015	560861 -	11.48 -	- 560861	- 11.48
2.	Sudha Commercial Company Limited As at 01/04/2014 As at 31/03/2015	489103 -	10.01 -	- 489103	- 10.01
3.	Jupiter South Asia Investment Company Limited As at 01/04/2014 As at 31/03/2015	187000 -	3.83 -	- 187000	- 3.83
4.	CRC Fincap Private Limited As at 01/04/2014 As at 31/03/2015	176275 -	3.61 -	- 176275	- 3.61
5.	Shiv Muskan Investments Private Limited As at 01/04/2014 As at 31/03/2015	110000 -	2.25 -	- 110000	- 2.25
6.	Pickwick Holdings Private Limited As at 01/04/2014 As at 31/03/2015	14525 -	0.30 -	- 14525	- 0.30
7.	Ajit Kumar Surana As at 01/04/2014 As at 31/03/2015	13361 -	0.27 -	- 13361	- 0.27
8.	Gaurav Surana As at 01/04/2014 As at 31/03/2015	12500 -	0.26 -	- 12500	- 0.26
9.	Ravi Chhabra As at 01/04/2014 30/06/2014 - Transfer As at 31/03/2015	11651 1500 -	0.24 0.03 -	- 10151 10151	- 0.21 0.21
10.	Edelweiss Broking Ltd. As at 01/04/2014 20/06/2014 - Transfer 30/09/2014 - Purchase 31/10/2014 - Purchase 14/11/2014 - Transfer 28/11/2014 - Transfer 30/01/2015 - Purchase	5386 5386 20 10 5 5 415	0.11 0.11 0.00 0.00 0.00 0.00 0.01	- 0 20 30 25 20 435	- 0.00 0.00 0.00 0.00 0.00 0.01

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
	06/02/2015 - Purchase	42	0.00	477	0.01
	13/02/2015 - Transfer	98	0.00	379	0.01
	20/02/2015 - Purchase	2350	0.05	2729	0.56
	27/02/2015 - Purchase	28	0.00	2757	0.06
	06/03/2015 - Transfer	48	0.00	2709	0.06
	13/03/2015 - Purchase	5	0.00	2714	0.06
	20/03/2015 - Transfer	2652	0.05	62	0.00
	27/03/2015 - Purchase	85	0.00	147	0.00
	31/03/2015 - Transfer	25	0.00	122	0.00
	As at 31/03/2015	0	0.00	122	0.00

**(v) Shareholding of Directors and Key Managerial Personnel:**

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

**V. INDEBTEDNESS**

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

(Rs. in lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1377.45	168.45	1088.51	2450.61
ii) Interest due but not paid	—	—	0.56	0.56
iii) Interest accrued but not due	—	—	60.12	60.12
<b>Total (i+ii+iii)</b>	1377.45	168.45	1149.19	2511.29
<b>Change in Indebtedness during the financial year</b>				
• Addition	395.75	200.00	-	595.75
• Reduction	638.27	176.25	531.84	1162.56
<b>Net Change</b>	-242.52	23.75	531.84	1758.31
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1134.93	192.20	556.67	1883.80
ii) Interest due but not paid	-	-	1.82	1.82
iii) Interest accrued but not due	-	-	34.16	34.16
<b>Total (i+ii+iii)</b>	1134.93	192.20	592.65	1919.78

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

### B. Remuneration paid to other Directors:

(in Rupees)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Anil Girotra	Mrs. Asha Gadi	Mr. Amarjeet Kapoor	Mr. K. K. Kohli	Mr. Suresh Alipuria	
1.	Independent Directors						
	• Fee for attending board/ committee meetings	16,000/-	17,500/-	-	-	1,500/-	35,000/-
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (1)	16,000/-	17,500/-	-	-	1,500/-	35,000/-
2.	Other Non-Executive Directors						
	• Fee for attending board/ committee meetings	-	-	23,000/-	23,000/-	-	46,000/-
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	23,000/-	23,000/-	-	46,000/-
	Total (B)=(1+2)	16,000/-	17,500/-	23,000/-	23,000/-	1,500/-	81,000/-
	Total Managerial Remuneration	16,000/-	17,500/-	23,000/-	23,000/-	1,500/-	81,000/-
	Overall Ceiling as per the Act.						

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

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	102.96	11.77	5.85	120.58
	b) Value of perquisites u/s17(2) Income-tax Act, 1961	40.54	1.53	0.93	43.00
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission- as % of profit- others, specify...	-	-	-	-
5.	Others				
	a) Medical	0.15	0.15	0.14	0.44
	b) LTA	-	0.58	0.29	0.87
	c) Employee Provident Fund	12.35	0.83	0.44	13.62
	<b>Total</b>	<b>156.00</b>	<b>14.86</b>	<b>7.65</b>	<b>178.51</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty		NONE			
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding	217(3), 211(3A), (3B),(3C), 209(1)(C),209 (3)(B)	Qualifications in Auditors Report not properly replied in Directors Report, Qualifications for Gratuity and Leave Encashment and Fixed Assets Register not maintained properly.	Rs. 2,88,000/-	The Company Law Board, New Delhi	No
<b>C. OTHER OFFICERS IN DEFAULT (COMPANY SECRETARY)</b>					
Penalty					
Punishment					
Compounding	217(3), 211(3A), (3B),(3C), 209(1)(C), 209 (3)(B)	Qualifications in Auditors Report not properly replied in Directors Report, Qualifications for Gratuity and Leave Encashment and Fixed Assets Register not maintained properly.	Rs. 49,500/-	The Company Law Board, New Delhi	No

## Annexure-5

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

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars		
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Not Applicable. (Company is not paying any remuneration to its directors)		
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	<ul style="list-style-type: none"> <li>- Mr. Sudhir Avasthi, CEO - 39.28%</li> <li>- Mr. Sanjeev Kothiala, CFO - 29.32%</li> <li>- Ms. Rishbha Ahluwalia, CS - 40.15%</li> <li>- Mr. Rakesh Kumar Thakur CS - NA</li> </ul>		
(iii)	Percentage increase in the median remuneration of employees in the financial year.	15%		
(iv)	Number of permanent employees on the rolls of Company.	193 Employees		
(v)	Explanation on the relationship between average increase in remuneration and company performance.	Average increase in remuneration - 15% Average decrease in Profit Before Tax - 45.19%		
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	KMPs	Remuneration Rs. Lacs	Company Performance (PBT) Rs.Lacs
		Mr. Sudhir Avasthi, CEO	156	171
		Mr. Sanjeev Kothiala, CFO	15	171
		Ms. Rishbha Ahluwalia, Company Secretary upto 02.02.2015	7	171
		Mr. Rakesh Kumar Thakur, Company Secretary w.e.f. 01.03.2015	0.4	171
(vii)	Variation in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company come out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.	Variation in the market capitalisation - Market Capitalisation as at 31st March, 2014:4415 lacs - Market Capitalisation as at 31st March, 2015:7545 lacs Variation in the PE Ratio - PE Ratio as at 31st March, 2014 : 37.33 - PE Ratio as at 31st March, 2015 : 75.68		
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification there of and point out if there are any exceptional circumstances for increase in the managerial remuneration.	- Average increase in remuneration of Managerial Personnel - 8% - Average increase in remuneration of employee other than Managerial Personnel - 15%		
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	Covered in sub- clause (vi) above		

(x)	Key parameters for any variable component of remuneration availed by the Directors.	Nil
(xi)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Not Applicable as no remuneration is paid to the directors.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the Nomination and Remuneration policy for the Directors, KMP and other employees of the Company, formulated pursuant to the provision of section 178 of the Company Act, 2013.

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

## BOARD OF DIRECTORS:

As on 31st March, 2015, the Board of Directors of the Company has four members. None of the Directors are related to each other. The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement and the relevant provisions of the Companies Act, 2013.

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

During the financial year 2014-15, Ten Board meetings were held on 01.04.2014, 30.05.2014, 09.06.2014, 28.06.2014, 14.08.2014, 16.09.2014, 15.10.2014, 14.11.2014, 09.12.2014 and 14.02.2015.

Composition of Board of Directors as on 31st March, 2015 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM held on 27th Sept., 2014 attended	No. of Directorships held in other companies *	No. of Committee positions held in other public limited companies as a Chairman	No. of Committee positions held in other public limited companies as a Member
Mrs. Asha Gadi	Non-Executive Independent Director	8	No	3	Nil	Nil
**Mr. Anil Girotra	Non-Executive Independent Director	5	Yes	13	Nil	1
Mr. Amarjeet Kapoor	Non-Executive Non Independent Director	10	No	15	Nil	4
Mr. K.K. Kohli	Non-Executive Non Independent Director	10	Yes	15	Nil	4

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

\*\* Mr. Anil Girotra has been appointed as the Additional Director of the Company in the Board meeting held on 28th June, 2014 in the category of Independent Director. His appointment was approved by the members in the AGM held on 27th September, 2014.

## INDEPENDENT DIRECTORS' MEETING:

During the year under review, one meeting of the Independent Directors was held on 04th December, 2014. In the meeting, the Directors discussed the items as prescribed under Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement.

## MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Mr. Sudhir Avasthi, Chief Executive Officer  
Mr. Peri Kameswara Sharma, Executive Director (Marketing)  
Mr. Sanjeev Kothiala, Chief Financial Officer  
Mr. Amar Baljeet Singh, Executive Director (Technical)

## AUDIT COMMITTEE:

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

The composition of the Audit Committee is as follows:

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

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

During the financial year 2014-15 the Audit Committee held five meetings i.e. on 09th June, 2014, 27th June, 2014, 13th August, 2014, 13th November, 2014 and 14th February, 2015.

**Attendance at the meetings is as follows:**

Name of Members	Meetings attended
Mr. Suresh Alipuria*	2
Mr. K.K. Kohli	5
Mrs. Asha Gadi	5
Mr. Anil Girotra	3

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

Mr. Anil Girotra, Chairman of the Audit Committee was present at the last AGM of the Company.

**NOMINATION AND REMUNERATION COMMITTEE:**

In view of the requirements of the Companies Act, 2013, the Company has renamed the Remuneration Committee as the Nomination and Remuneration Committee with two Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Committee have been revised in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchange.

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

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

During the financial year 2014-15, two meetings of the Nomination and Remuneration Committee were held i.e. on 09th June, 2014 and 15th October, 2014.

**Attendance at the meeting is as follows:**

Name	Meeting Attended
Mr. Anil Girotra*	1
Mr. K. K. Kohli	2
Mrs. Asha Gadi	2
Mr. Suresh Alipuria*	1

\*Mr. Suresh Alipuria ceased to be the Chairman of the Nomination and Remuneration Committee w.e.f. 28th June, 2014 and Mr. Anil Girotra has been appointed as the Chairman of the Committee in place of Mr. Suresh Alipuria w.e.f. 28th June, 2014.

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

The Nomination and Remuneration Committee discussed and thereafter decided upon the policy for selection and appointment of Directors, KMPs and senior employees and their remuneration. The highlights of this policy are as follows:

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

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

- d. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for the appointment as a Director:
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, professional or business standing;
  - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **Remuneration**

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

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

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

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

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

#### **Remuneration:**

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

#### **3. Remuneration Policy for the Senior Managing Employees:**

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

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

#### **DETAILS OF REMUNERATION PAID TO DIRECTORS:**

The Company pays sitting fees to all the Non Executive Directors of the Company for the Board meetings attended by them. The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2015 is as follows:

<b>Name of Director</b>	<b>Sitting fees</b>
Mrs. Asha Gadi	Rs. 17,500
Mr. Suresh Alipuria	Rs. 1,500
Mr. K. K. Kohli	Rs. 23,000
Mr. Amarjeet Kapoor	Rs. 23,000
Mr. Anil Girotra	Rs. 16,000

Details of shareholding of Non-Executive Directors as on 31st March, 2015:

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

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE:

In view of the requirements of the Companies Act, 2013 and the Listing Agreement, the Company has re-constituted its Investors Grievance Committee as Stakeholders' Relationship Committee with Non Executive Director as Chairperson, one Independent Director and one Non Executive Non Independent Director as members. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the Listing Agreement with the Stock Exchange, Companies Act, 2013 with particular reference to the complaints related to transfer of shares, grievances of shareholders etc.

The composition of the Stakeholders Relationship Committee is as follows:

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

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

The Committee held two meetings during the financial year 2014-15. Attendance at meetings is as follows:

Date of Meeting	Mr. K. K. Kohli	Mrs. Asha Gadi	Mr. Amarjeet Kapoor
14.08.2014	Yes	Yes	Yes
05.01.2015	Yes	Yes	Yes

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

#### SHARE TRANSFER COMMITTEE:

In view of maintaining complete transparency and to monitor the share registry related work, the Company has a Share Transfer Committee with two Non Executive Directors and CEO as members.

The Composition of the Committee is as follows:

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

Share Transfer Committee held twelve meetings during the financial year 2014-15 with all members including Chairman present in the meetings. The meetings were held on 01.04.2014, 30.04.2014, 30.05.2014, 30.06.2014, 31.07.2014, 30.08.2014, 30.09.2014, 31.10.2014, 29.11.2014, 31.01.2015, 20.02.2015 and 31.03.2015.

#### ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No. of Special Resolutions passed
2012	26.09.2012	Registered Office	9.30 A.M.	Nil
2013	27.09.2013	Registered Office	9.30 A.M.	Nil
2014	27.09.2014	Registered Office	9.00 A.M.	One

The Company has passed one Special Resolution in the Annual General Meeting held on 27th September, 2014. No resolution has been passed through Postal Ballot.

**DISCLOSURE:**

During the financial year 2014-15, the Company has entered upon related party transactions which have been disclosed in Note 1B (vii) to the Accounts.

During the period under review, search and seizure operation under Section 132 of the Income Tax Act, 1961 had taken place in the premises of the Company. During the course of search various files were taken away by the Income Tax Department. No demand notice of income tax has been served on Company till date pursuant to the said search. We are confident of its success.

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

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

**CODE OF CONDUCT:**

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

**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 English daily and in a Punjabi daily as required under the Listing Agreement with the Stock Exchange.

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

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

Date & Time	: 29th September, 2015, 9.00 A.M.
Venue	: Registered Office
Book Closure Date	: 23th September, 2015 to 28th September, 2015 (both days inclusive)
Dividend	: Nil

**Financial Calendar for 2015-16: (Tentative)**

Financial Results for	
First Quarter	: up to mid August, 2015
Second Quarter	: up to mid November, 2015
Third Quarter	: up to mid February, 2016
Fourth Quarter	: up to end May, 2016

**Market Price Data:**

High and Low market price during each month in last financial year from April, 2014 to March, 2015 at Bombay Stock Exchange Limited (BSE) is as follows:

(In Rs.)

Month	High	Low	Sensex High	Sensex Low
April, 14	110.90	82.00	22,939.31	22,197.51
May, 14	115.90	85.55	25,375.63	22,277.04
June, 14	107.00	88.80	25,725.12	24,270.20
July, 14	171.95	97.50	26,300.17	24,892.00
August, 14	154.85	120.00	26,674.38	25,232.82
September, 14	175.25	128.05	27,354.99	26,220.49
October, 14	197.00	127.60	27,894.32	25,910.77
November, 14	249.40	132.50	28,822.37	27,739.56
December, 14	163.00	135.05	28,809.64	26,469.42
January, 15	257.00	135.05	29,844.16	26,776.12
February, 15	223.00	153.20	29,560.32	28,044.49
March, 15	175.00	141.00	30,024.74	27,248.45

### Registrar and Share Transfer Agent:

M/s. Alankit Assignments Ltd., Alankit Heights, 1E/13, Jhandewalan Extn., New Delhi-110055 acts as Registrar and Share Transfer Agent of the Company.

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

### Share Transfer System:

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

### Distribution of Shareholding as on 31st March, 2015:

Share holding of nominal value of Rs.	No. of shareholders	No. of shares held	% age of total shareholding (Rounded off)
1-5000	4250	538841	11.03
5001-10000	194	143722	2.94
10001-20000	72	100476	2.06
20001-30000	12	30459	0.62
30001-40000	13	45979	0.94
40001-50000	1	4863	0.10
50001-100000	0	0	0
100001 and above	13	4022100	82.31
Total	4555	* 4886440	100.00

### Shareholding pattern as on 31st March, 2015:

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	1402924	28.71
Indian Public	839089	17.17
NRIs/OCBs	5493	00.11
Trust/Custodian	500	00.01
Total	*4886440	100.00

\*includes 2875 partly paid up equity shares.

### Dematerialization of Shares and Liquidity:

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

As on 31st March, 2015, 91.57% Equity Capital was held in dematerialized form and the balance in physical form.

### Plant Locations:

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

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

**Address for correspondence:**

Registered Office: P.O. Bahadurgarh, Distt. Patiala-147021, Punjab.  
Tel: 0175-2381404, Fax: 0175-2380248

**Head Office & Share Department:** 5th Floor, Bhandari House,  
91, Nehru Place, New Delhi-110019. Tel: 011-26460670, Fax: 011-26460823  
Investors' e-mail ID: investor\_grievances\_redressal@milkfoodltd.com, sectl@milkfoodltd.com  
Website : www.milkfoodltd.com

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

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

**Mr. K.K. Kohli**, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. He was appointed as the Director of the Company w.e.f. 1st September, 2008. He is a qualified Company Secretary, Cost Accountant and is also holding the degree of LL.B. He has vast experience of around 28 years in the field relating to corporate laws, cost accountancy and accounts.

He is a member of the Audit Committee & the Nomination and Remuneration Committee in two Companies.

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

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

**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 Team has been duly complied by all Board Members and Senior Management Team of the Company.

New Delhi  
27th July, 2015

**Sudhir Avasthi**  
Chief Executive Officer

# Management Discussion and Analysis:

## Industry Structure, Outlook and Development

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

## Opportunities and Threats

The Indian dairy industry is predominantly controlled by the unorganized sector. Although milk production has grown at a fast pace during the last three decades, still there is lack of availability of milk in the lean season because of the increasing consumption of milk products in domestic market.

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

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

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

## Internal Control System

The Company has structured the internal control system. In view of the large size of the business and to enforce highest levels of transparency, the Company has appointed an independent firm of Chartered Accountants, M/s Lalit Kumar & Co. to act as the internal auditor of the Company covering nearly all aspects related to the working of the Company. The Company has paid particular attention on proper maintenance of equipments to ensure that they are operated at the rated capacities. The Company has taken the effective steps for the reduction of cost and to improve the quality of the product.

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

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

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

## 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 : 27th July, 2015

**Amarjeet Kapoor**  
Director  
DIN:00122843

**K.K Kohli**  
Director  
DIN:00127337

## **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of  
Milkfood Limited

I have reviewed the implementation of Corporate Governance procedures by Milkfood Limited during the year ended March 31, 2015, with the relevant records and documents maintained by the Company, furnished to me for my 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. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor any expression of opinion on the financial statements of the Company.

I 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 my review and according to the information and explanations given to me, I certify that the Company has complied with the conditions laid down in clause 49 of the listing agreement.

Place : Gurgaon  
Dated: 27th July, 2015

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MILKFOOD LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of MILKFOOD LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

### Opinion

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

### Emphasis of Matter not amounting to qualification

Attention is drawn to the Note No.5 (1) regarding classification of security deposits from suppliers; 5 (2a) & (2b) regarding security deposits from consignees/Advance from customers. Note No. 11(A)(i) regarding impairment of assets. Note no. 19 (1) regarding amount due from employees/others. Note no. 19 (2) regarding amount due from promoters. Note no. 19 (3) regarding Carbon credit receivable. Our opinion is not qualified in respect of these matters.

- (a) In case of balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2015.
- (b) In the case of statement of profit & 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, 2015 ("the Order"), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that.
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending Litigations on its financial position in its financial statements by way of contingent liability.
    - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the investor education and protection fund by the company.

For **MADAN & ASSOCIATES**  
Chartered Accountants  
(FRN : 000185N)

**(M K Madan)**  
(Proprietor)  
(MN: 082214)

Place of Signature : Delhi  
Date : 30.05.2015

## Annexure to the Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal & Regulatory Requirements' section of our report of even date)

- (i) In respect of its Fixed Assets :
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the said programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- (a) As explained to us, inventories have been physically verified during the year by the Management at reasonable intervals, other than stock lying with third parties where certificates confirming physical inventory have been received.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act,
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services, During the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system except that internal control procedures in the case of advances need to be strengthened. At the yearend an amount of Rs 1.45 Cr is outstanding for a period exceeding twelve months. These interest free advances to staff/others are certified by the management and good for recovery.
- (v) According to the information and explanation given to us, the company has not accepted any deposits during the year. Company is of the view that provision of Section 74(1)(b) of the Act are complied with in pursuance of Rule 19 of the Acceptance of Deposits Rules, 2014. It is also confirmed by the company that no order has been passed by the Company Law Board/ RBI or any other authority.
- (i) It is informed by the Company that it is not required to maintain the cost records in terms of section 148 of the Companies Act, 2013.
  - (ii) According to the information and explanation given to us in respect of statutory dues;
    - (a) The company has generally been regular in depositing undisputed statutory dues, including provident Fund, Employees State insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31.03.2015 for a period of more than six months from the date they became payable.
    - (b) There were no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as at 31.03.2015 on account of any dispute except as follows:

Sl. No.	Name of Statute	Nature of Dues	Amount Rs./Lacs	Forum where dispute is pending
1	Delhi Sales Act, 1975	Stock Transfer etc. 1984-85	1.86	Appeal before sales Tax Appellate Tribunal, Delhi
2	Delhi sales Act, 1975	Regular demand 1983-84	11.36	Appeal before sales Tax Appellate Tribunal, Delhi

Sl. No.	Name of Statute	Nature of Dues	Amount Rs./Lacs	Forum where dispute is pending
3	Income Tax Act, 1961	Regular demand for Assessment year 2008-09	5.08	Before ITAT-Delhi
4	Income Tax Act, 1961	Regular demand for Assessment year 2007-08	2.17	Application u/s 154 for rectification before Assessing officer.
5	U.P. Vat Act, 2008	Regular demand for Assessment year 2010-11	4.03	Before Addl. Commissioner (Appeals), Moradabad.

Information is provided by the Management. The relevant confirmations from the advocates are awaited.

- (c) There are no amounts that are due to be transferred to the investor education and protection fund by the company in accordance with the relevant provisions of the Companies Act, 1956 ( 1 of 1956 ) and Rules made there under.
- (iii) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (iv) In our opinion and according to the information and explanation given to us, the company has not defaulted in the repayment of dues to financial institutions and banks. The company has not issued any debentures.
- (v) Company has given guarantee of Rs. 400 Lakhs in respect of Loans taken by the Body Corporate (Supplier of Milk to the company) for the loan taken by the latter from the bank. In our opinion, the terms and conditions are not prejudicial to the interest of the company.
- (vi) In our opinion and according to the information and explanation given to us, the term loans have been applied by the company during the year for the purposes for which they were obtained.
- (vii) To the best of our knowledge and according to the information and explanation given to us, no fraud by the company and no material fraud on the company has been noticed or reported during the year.

For **MADAN & ASSOCIATES**  
Chartered Accountants  
(FRN : 000185N)

**(M K Madan)**  
(Proprietor)  
(MN: 082214)

Place of Signature : Delhi  
Date : 30.05.2015

# Balance Sheet

as at 31st March, 2015

Particulars	Note No.	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (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	2,971	2,876
		<u>3,460</u>	<u>3,365</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	1,395	1,846
(b) Deferred tax liabilities (net)	29	360	322
(c) Other long-term liabilities	5	6,152	4,782
(d) Long-term provisions	6	170	129
		<u>8,077</u>	<u>7,079</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	6,030	5,114
(b) Trade payables	8	3,899	4,095
(c) Other current liabilities	9	1,537	2,296
(d) Short-term provisions	10	56	61
		<u>11,522</u>	<u>11,566</u>
<b>TOTAL</b>		<u><u>23,059</u></u>	<u><u>22,010</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11A	10,134	10,050
(ii) Capital work-in-progress	11B	146	224
		<u>10,280</u>	<u>10,274</u>
(b) Investments	12	2	2
(c) Long-term loans and advances	13	507	412
(d) Trade receivables	14	18	27
(e) Inventories	15	30	24
		<u>10,837</u>	<u>10,739</u>
<b>2 Current assets</b>			
(a) Inventories	16	8,858	8,141
(b) Trade receivables	17	1,499	772
(c) Cash and cash equivalents	18	178	105
(d) Short-term loans and advances	19	1,687	2,253
		<u>12,222</u>	<u>11,271</u>
<b>TOTAL</b>		<u><u>23,059</u></u>	<u><u>22,010</u></u>

Summary of significant accounting policies and additional notes to Accounts

1

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

In terms of our report of even date

For & On behalf of the Board of Directors

For **Madan & Associates**

Chartered Accountants  
FRN. 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2015

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

**Asha Gadi**  
**Amarjeet Kapoor**  
**Anil Girotra**  
**K.K. Kohli**  
Directors

# Statement of Profit and Loss

for the year ended 31st March, 2015

Particulars	Note No.	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
<b>1 Revenue from operations (gross)</b>	20	<b>37095</b>	43063
Less: Excise duty		—	—
Revenue from operations (net)		<b>37095</b>	43063
<b>2 Other income</b>	21	<b>154</b>	262
<b>3 Total revenue (1+2)</b>		<b>37249</b>	43325
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	22A	<b>31579</b>	37037
(b) Changes in inventories of finished goods and work-in-progress	22B	<b>(577)</b>	(705)
(c) Employee benefits expenses	23	<b>1309</b>	1375
(d) Finance Cost	24	<b>935</b>	1147
(e) Depreciation and amortisation expenses	25	<b>636</b>	584
(f) Other expenses	26	<b>3196</b>	3590
<b>Total expenses</b>		<b>37078</b>	43028
<b>Profit before exceptional and extraordinary items</b>		<b>171</b>	297
Exceptional Items Expenses	23B(i)	<b>0</b>	(735)
Extraordinary Item Income (Net)	23B(ii)	<b>0</b>	750
<b>5 Profit before tax (3-4)</b>		<b>171</b>	<b>312</b>
<b>6 Tax expense:</b>			
(a) Current tax		<b>34</b>	55
(b) Net current tax expense		<b>34</b>	55
(c) Deferred tax	29	<b>37</b>	102
<b>Total Tax</b>		<b>71</b>	157
<b>7 Profit/(loss) for the period from Continuing operation after tax (5-6)</b>		<b>100</b>	155
<b>8 Profit/(Loss) from discontinuing operation</b>	27	—	(37)
<b>9 Profit/(loss) for the period (7+8)</b>		<b>100</b>	118
<b>10 Earnings per share (of Rs 10/- each):</b>			
Basic and Diluted - in Rs.	28	<b>2.04</b>	2.42
Summary of significant accounting policies and Additional Notes to Accounts	1		

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

In terms of our report of even date

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2015

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

**Asha Gadi**  
**Amarjeet Kapoor**  
**Anil Girotra**  
**K.K. Kohli**  
Directors

# Cash Flow Statement

for the year ended 31st March, 2015

	Note No.	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
<b>A. Cash flow from operating activities:</b>			
Net profit before taxation		171	(481)
Adjustments for :			
Depreciation and Amortisation expense		636	593
Finance costs	1	935	1147
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(40)	(157)
Profit on Sales of Investment - Net		(1)	-
Liabilities no longer required written back		(138)	(7)
Interest Income		(15)	(38)
Exchange rate variation		(17)	(41)
Exceptional Items Expenses (Net)		-	(735)
<b>Operating profit before working capital changes</b>		<b>1531</b>	<b>281</b>
<u>Changes in working capital</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(723)	(600)
Trade receivables		(718)	251
Long term loans and advances		(95)	(97)
Short term loans and advances		(134)	(619)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(196)	1426
Other current liabilities		(500)	217
Other long term liabilities		1370	(258)
Short term provisions/ Long Term Provision		36	187
<b>Cash Generated From Operations before extraordinary item</b>		<b>571</b>	<b>788</b>
Extraordinary Item Income (Net)		-	1,175
Excess Provision of Depreciation		-	217
<b>Net cash flow from operating activities (A)</b>		<b>571</b>	<b>2180</b>
<b>B. Cash flow from investing activities:</b>			
Capital expenditure on fixed assets,		(724)	(1099)
Capital work in progress		78	(224)
Proceeds from sale of Investment & Fixed Assets		2	22
Interest received		15	38
Diminution of Investments		-	425
<b>Net cash flow used in investing activities (B)</b>		<b>(629)</b>	<b>(838)</b>
<b>C. Cash flow from financing activities:</b>			
Short-term borrowings		916	242
Proceeds from fixed deposits		(556)	(2)
Proceeds from vehicle loan		179	344
Proceeds from term loan		(427)	207
Proceeds from intercorporate Deposit & other deposit		99	(1018)
Proceeds from short term advances		700	-
Finance costs		(935)	(1147)
Exchange rate variation		17	41
Liabilities no longer required written back		138	7
<b>Net cash flow used in financing activities (C)</b>		<b>131</b>	<b>(1326)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>73</b>	<b>16</b>
Cash and cash equivalents at the beginning of the year		105	89
<b>Cash and cash equivalents at the end of the year</b>		<b>178</b>	<b>105</b>

**Note:-**

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

In terms of our report of even date  
For **Madan & Associates**  
Chartered Accountants  
FRN. 000185N

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place : New Delhi  
Date : 30th May, 2015

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

**Asha Gadi**  
**Amarjeet Kapoor**  
**Anil Girotra**  
**K.K. Kohli**  
Directors

For & On behalf of the Board of Directors

## **NOTE1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

### **A) SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1. Basis of Preparation of Accounts**

The accounts have been prepared in accordance with historical cost convention, applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013 following accrual method of accounting.

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

#### **1.2. Tangible Fixed Assets**

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

#### **1.3. Depreciation on Tangible Fixed Assets**

Depreciation has been charged on Straight Line Method in accordance with Schedule II of the Companies Act 2013, The management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014. As a result of above, depreciation of Rs.26.64 Lac has been charged to Statement of Profit & Loss Account and Rs.3.36 Lac has been adjusted with opening retained earnings (i.r.o. assets of which useful life is exhausted.) for twelve months ended 31st March 2015. In respect of Plant & Machinery, the company is consistently following the policy of charging depreciation over 20 years, notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery of more than 35 years. This is in pursuance of proviso to sub clause (l) of clause 3 of schedule II of the Companies Act 2013. Similarly for addition of Plant & Machinery during the year company has estimated the useful life of 20 years (15 years specified in Schedule II) based upon the certificate of suppliers / manufacturers of Plant & Machinery. Additions made during the year have been capitalized at the year end and accordingly depreciation has been charged.

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

On Assets Held for Disposal: On SLM as per rates in schedule II of Company Act 2013 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 cost or net realizable value. In pursuance of AS-2 indirect production overhead (estimated by the Management) have been allocated for ascertainment of cost.

#### **1.8 Retirement Benefits**

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

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashment are carried forward on year to year basis and facility is granted to employees only in the year of determination of service.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10 Lac. During the year company has made provision of gratuity and leave encashment of Rs.215 Lac as per AS-15.
- (e) Provident Fund:

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

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

### 1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In 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 recognized the CER's 128919 units as inventory in terms of Guidance Note of ICAI and valued the same as per AS-2. Net realizable value has been certified by the consultant. In respect of VCS, company had recognized the income in the earlier years on the basis of consultant certificate. VCS in hand as the close of the year are 97000 units which have been valued on consultant's advice for potential realization at valuation at an amount not less than at what they are stated in the Balance Sheet.

### 1.10 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date. For computing the Deferred tax liability/assets, benefit of brought forward losses has been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s). Deferred tax liability for the year ended 31.03.2015 is Rs.360.71 Lac (Previous Year Rs.322 Lac). During the year deferred tax asset of Rs.91.92 Lac has been recognized in respect of losses on disposal of investment to be carried forward for adjustment in near future regarding accrual of Capital gain as certified by the Management.

### 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. During the year interest of Rs.38 Lac has been capitalized in Plant & Machinery in accordance with AS-16 as certified by the Management.

### 1.12 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account .At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period.

## (B) ADDITIONAL NOTES TO ACCOUNTS

- i. Contingent liabilities:  
Claims not acknowledged as debts Rs.95 Lac (Previous year Rs.152 Lac) and guarantee / obligations of Rs.400 Lac.(Previous year Nil).
- ii. Estimated amount of contracts remaining to be executed on capital account is Rs.5 Lac and not provided for (Net of Advances) (Previous year 23 lac).
- iii. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
Fees & Subscription	0	0
Travelling	1	3
<b>TOTAL</b>	<b>1</b>	<b>3</b>

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

Indigenous	For the year ended 31 March, 2015	
	(Rs. in lacs)	%
Raw materials and components	31578 (37037)	100 (100)
Stores and spare parts	119 (149)	100 (100)
<b>TOTAL</b>	<b>31697</b> (37186)	

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

(vi) Earnings in foreign exchange

Particulars	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
Export of goods calculated on FOB basis	1961	8979
<b>TOTAL</b>	<b>1961</b>	<b>8979</b>

(vii) Related Party Disclosers:

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

Description of relationship	Names of related parties
(a) Enterprises over which KMP, major shareholder is able to exercise significant influence	Jagatjit Industries Ltd. MFL Trading Private Ltd (Wholly Owned Subsidiary) Triputi Infrastructure Private Ltd
(b) Key Management Personnel (CEO/ Directors and their relatives)	Ms Roshini Sanah Jaiswal Mr. Sudhir Avasthi Ms Asha Gadi Mr. Suresh Alipuria Mr. Anil Girotra Mr. Amarjeet Kapoor Mr. K. K. Kohli Mr. Sanjeev Kothiala Ms. Rishbha Ahluwalia Mr. Rakesh Thakur

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	15 (13)	— —	15 (13)
Rent paid	4 (4)	— —	4 (4)
Interest Received	91 —	— —	91 —
Amount received for Services	73 (90)	— —	73 (90)
Reimbursement of Expenses	3 (4)	— —	3 (4)
Managerial Remuneration (including sitting fees)	— —	299 (262)	299 (262)
Sales	14 (18)	— —	14 (18)
Outstanding Payables, net of Receivable	718 (19)	318 (94)	1036 (113)

Note: Figures in bracket relates to the previous year

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

## Note 2 Share capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	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>	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 (Rs.0.19 lacs on 2875 partly paid shares)		0		0
	<b>4,886,440</b>	<b>489</b>	4,886,440	489
Add Amount paid on Forfeited Shares (Rs.0.07 lacs on 1450 shares)		0		0
<b>TOTAL</b>	<b>4886440</b>	<b>489</b>	4886440	489

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

Particulars	Opening Balance	Fresh issue	Redemption	Closing Balance
	Equity shares			Equity shares
<b>Year ended 31 March, 2015</b>				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs)	489	—	—	489
<b>Year ended 31 March, 2014</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, 2015		As at 31 March, 2014	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms. Roshini Sanah Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

### Note 3 Reserves and surplus

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(a) Capital redemption reserve</b> At the beginning and at the end of the year		–	–
<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		2206	2088
Less : Depreciation	1	5	–
Add: Transferred from Surplus in Statement of Profit and Loss		100	118
At the end of the year		2301	2206
<b>TOTAL</b>		<b>2971</b>	<b>2876</b>

#### Note

1. Represents depreciation and deferred tax liability in respect of Assets whose useful life has been exhausted.

### Note 4 Long-term borrowings

Particulars	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(a) Term loans - Secured</b>		
From banks	219	427
From others	352	366
<b>(b) Term Loans - Unsecured -Others</b>	824	1,053
<b>TOTAL</b>	<b>1,395</b>	<b>1,846</b>

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

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>Term Loans From Banks: Secured</b>			
Rupee loan from Canara Bank	1	155	395
Vehicle loans from ICICI	2.4	4	–
Vehicle loans from HDFC Bank	2.5	60	32
<b>Total</b>		<b>219</b>	<b>427</b>
<b>From Others: Vehicle</b>			
Kotak Mahindra Prime Ltd	2.1-2.3	352	360
Volkswagen Finance P.Ltd		–	3
Magma Fincorp Ltd	2.6	–	3
<b>Total</b>		<b>352</b>	<b>366</b>
<b>From Others-Unsecured :</b>			
Kotak Mahindra Bank Ltd	3	99	–
Inter Corporate Deposits	4	500	500
Public Deposits	5	225	553
<b>TOTAL</b>		<b>824</b>	<b>1053</b>

#### Notes:-

##### 1 Term Loans From Banks:

(1.1) Rupee Loan from Canara Bank of Rs.395 lacs at interest rate of 13.70% p.a is payable at monthly rests in equal instalments of Rs.20 Lac each, detailed hereunder:-

Rs.240 lacs ( From April'2015 to March'2016) Refer Note No.9(a)

Rs.155 lacs ( From April'2016 to Nov'2016)

(1.2) Term Loans sanctioned by Canara Bank are secured by the exclusive charge on fixed assets to the extent of Rs.19.50 Crores and pari-passu 1st charge with State Bank of Patiala on balance fixed assets.As per MCA 21 charge registered with Canara bank is of Rs.27 Crores. Company has vide letter dated 20.02.2015 written to the bank for satisfaction of charge of Rs.15 Crores which is pending.

2. Vehicle loans are secured against hypothecation of respective vehicles.
- (2.1) Vehicle Loans of Rs.315 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by June' 2017 and carry interest rate of 14.15% p.a . Refer Note No.9(b)
- (2.2) Vehicle Loans of Rs.117 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Sep' 2018 and carry interest rate of 9.95% to 11.38% p.a . Refer Note No.9(b)
- (2.3) Vehicle Loans of Rs.201Lac from Kotak Mahindra Prime Limited are repayable by Feb'2017 and carry interest of 14.91% .(Refer note no. 9 (b))
- 2.3(a) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 47.
- (2.4) Vehicle Loan of Rs.8 Lac from ICICI Bank Ltd is repayable in monthly instalments by June'2017 and carry interest of 10.50%. Refer Note no. 9 (b).
- (2.5) Vehicle Loans of Rs.94 Lac (Two in number) from HDFC Bank Limited is repayable in monthly instalments by Dec'2017 and carry interest of 10.25%. (Refer note no. 9 (a)).
- (2.6) Vehicle loan of Rs.4 Lac from Magma Fincorp Ltd is repayable in monthly instalments by Jan'2016 and carry interest of 12.33%. (Refer note no. 9 ( b)).
- (3) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.193 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Feb'2017. Refer note no. 7 b (1.2)
- (4) Inter Corporate Deposit of Rs.500 Lac from M/S Win Win Traders P Ltd is payable by 31st March'2017 as certified by the Management.
- 5. Public Deposits:-**
- (5.1) Public deposits are repayable as under:
- (a) Rs.331 lacs Payable by March 2016 and carry interest of 11% to 11.5%.(Refer note no. 9 (c))
- (b) Rs.225 lacs Payable by March 2017 and carry interest of 11% to 11.5%
- (5.2) Public deposits guaranteed by Directors Rs.183 lacs/-
- (5.3) Public deposits matured but unclaimed amounting to Rs 10 lacs (Previous Year 9 lacs ).

#### Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Others:			
(i) Security deposits received from suppliers	1	2920	1640
(ii) Others			
Security deposits received from consignees/ Advances from customers	2a & 2b	3225	3134
(iii) Others payable	3	7	8
<b>TOTAL</b>		<b>6152</b>	<b>4782</b>

#### Note:-

- Security Deposits are confirmed by suppliers payable after 31.03.2016 and have been accordingly classified.
- Includes Rs.2542 Lac as security deposit from the consignees and payable after 31.03.2016 as certified.
  - Includes sum of Rs.650 Lac which is repayable beyond twelve months from the reporting date, as certified by the management.
- Includes Rs 6 Lac towards Public Deposit interest payable (to be transferred to investor education fund in future years) and Rs. 1 lac payable to ex-employee pending final decision of court.

#### Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	1	159	112
(b) Provision - Others:			
(i) Provision for tax (net of Advance tax & TDS)	2	0	17
(c) Provision for Sales Tax	3	11	-
<b>TOTAL</b>		<b>170</b>	<b>129</b>

- Provision for Gratuity and leave encashment has been made in terms of AS-15 (Revised). For Gratuity Liability has been determined on 31.03.2015 and for Leave Encashment Liability is determined on calendar year basis. Refer Note No.10.
- Refer Note No. 13(g).
- Provision has been created against old demands pending appeals.

**Note 7 Short-term borrowings**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) From Bank - Secured Cash Credit	1.1	5937	4946
(b) From Bank - Unsecured Term Loan	1.2	93	168
<b>TOTAL</b>		<b>6030</b>	<b>5114</b>

**Note:-**

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

The State Bank of Patiala has also extended supplier's line of credit to the extent of Rs.400 Lac covered in the charge created by the company in its overall limits. Refer Note 1.2 of Note 4.

1.2) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.193 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Feb'2017. (Refer Note no. 4 (3))

**Note 8 Trade payables**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trade payables	1	3,899	4,095
<b>TOTAL</b>		<b>3,899</b>	<b>4,095</b>

**Note:**

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

(b) Refer Note 5(1).

**Note 9 Other current liabilities**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Current maturities of Long Term Debts *		893	1,146
(b) Interest accrued but not due on Public Deposits		35	60
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		100	109
(ii) Advances from customers	6	385	852
(iii) Trade / security deposits received		0	5
(iv) Other outstanding expenses including salary & wages etc.		124	124
<b>TOTAL</b>		<b>1,537</b>	<b>2,296</b>

**Current maturities of Long Term Debts \***

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) From Bank - Secured			
Term Loan - Canara Bank	1	240	428
Vehicle loans - From HDFC Bank / ICICI Bank	2	36	15

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(b) Vehicle loans Others</b>			
Kotak Mahindra Prime Ltd	3	282	140
Volkswagen Finance P.Ltd		0	3
Magma Fincorp Ltd	4	4	5
<b>(c) From Others Unsecured</b>			
State Bank of Patiala - (Book Overdraft )		0	10
State Bank of Patiala (PD Account)		0	10
Public Deposits	5	331	535
<b>TOTAL</b>		<b>893</b>	<b>1146</b>

#### Note

1. Refer Note No 1.1 & 1.2 of Note 4
2. Refer Note No 2.5 of Note 4
3. Refer Note No 2.1,2.2 & 2.3 & 2.3(a) of Note 4.
4. Refer Note No 2.6 of Note 4
5. Refer Note No 5.1 & 5.2 of Note 4
6. Refer Note No 5 ( 2b)

#### Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Provision - Others:			
(i) Provision for employee benefit (Gratuity & Leave encashment)	6 & 21.3	56	61
<b>TOTAL</b>		<b>56</b>	<b>61</b>

#### Note 11 A Fixed Assets

##### TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	01.04.2014	Additions	Deductions	31.03.2015	01.04.2014	For the Reverse with Year	General Reserve	On Deduction	31.03.2015	31.03.2015	31.03.2014
Freehold Land	330	-	-	330	-	-	-	-	-	330	330
Buildings	2,425	4	-	2,429	617	65	-	-	682	1,747	1,808
Plant & Machinery Refer Note 1,2 & 3	11,592	471	-	12,063	4,171	483	1	-	4,655	7,408	7,421
Furniture, Fixtures and Equipments	153	6	-	159	109	6	2	-	117	42	44
Vehicles	672	243	1	914	225	82	-	-	307	607	447
<b>Total</b>	<b>15,172</b>	<b>724</b>	<b>1</b>	<b>15,895</b>	<b>5,122</b>	<b>636</b>	<b>3</b>		<b>5,761</b>	<b>10,134</b>	<b>10,050</b>
Previous Year	14,164	1,099	91	15,172	4,801	593	-	55	5,122		

#### Notes:-

1. (i) There is no impairment of assets as per AS 28 of ICAI as the company has a composite plant with production facilities capable of interchangeable use for manufacture of casein and milk powder. All assets had been put to use for manufacture of milk powder.  
(ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 233 lacs. In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 10 years . The amount amortized during the year is Rs. 60 lacs ( Previous Year Rs.60 lacs).
2. Company has capitalized the opening work in progress and the additions made during the year at the close of the year and accordingly charged the depreciation.
3. In accordance with Schedule II of the Companies Act 2013, the management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014. As a result of the above, depreciation of Rs.26.64 Lac has been charged to Statement of Profit & Loss Account and Rs.3.36 Lac has been adjusted with opening retained earnings (i.r.o.assets of which useful life is exhausted.) for twelve months ended 31st March, 2015. In respect of Plant & Machinery, company is consistently following the policy of charging depreciation over 20 years , notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery is more than 35 years. This is in pursuance of proviso to sub clause (i) of clause 3 of Schedule ii of Companies Act 2013. Similarly for additions of Plant & Machinery during the year company has estimated the useful life of 20 years (as against 15 years specified in schedule ii) based upon the certificate of suppliers/ manufacturers of Plant & Machinery.
4. Interest of Rs.38 Lac have been capitalized in Plant & Machinery in accordance with As-16 as certified by the management.

**Note 11 B Capital work in progress**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Machinery (including advances to suppliers on capital account-Rs.26 Lac).		146	224
<b>TOTAL</b>		<b>146</b>	<b>224</b>

**Note :** Refer note 2 of note 11 A. Estimated amount of capital contracts remaining to be executed is Rs.5.08 Lac.

**Note 12 Investment**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>Investment in Equity Shares - Unquoted</b>			
MFL Trading Pvt. Ltd 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		1	1
National Saving Certificates	1	1	1
<b>TOTAL</b>		<b>2</b>	<b>2</b>

**Note:**

1. Pledged with Government Authorities towards fulfillment of statutory obligations.

**Note 13 Long-term loans and advances**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good	1	3	65
(b) Security deposits Unsecured, considered good	1	118	90
(c) Loans and advances to employees Unsecured, considered good	1	220	170
(d) Input Tax credit	1	–	1
(e) Prepaid expenses		26	–
(f) Sales Tax Authorities	1.1	104	86
(g) Income tax recoverable (Net of Provisions)		36	–
<b>TOTAL</b>		<b>507</b>	<b>412</b>

**Notes**

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

**Note 14 Trade receivables non current**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trade receivables from government departments outstanding for a period exceeding 12 months from the date they were due for payment Unsecured, considered good	1	18	27
<b>TOTAL</b>		<b>18</b>	<b>27</b>

**Notes:**

1. Certified by the Management as good & recoverable. Necessary adjustment, if any, will be effected in FY2015-16.

### Note 15 Non current inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trees and Plantation	1	30	24
<b>TOTAL</b>		<b>30</b>	<b>24</b>

#### Note

- Represents the green initiative taken by the company. Company is of the view that the trees planted take few years to grow and thereafter will have commercial value.

### Note 16 Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Raw materials		47	22
(b) Work-in-progress - Dairy Products		507	489
(c) Finished goods - Dairy Products		7519	6960
(d) Stores and spares		589	511
(e) CER (Units)	1	26	–
(f) Packing materials		170	155
(g) Trees & Plantation		–	4
<b>TOTAL</b>		<b>8858</b>	<b>8141</b>

- In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV- certified by the consultant) as per AS-2 of ICAI. Total cost incurred is Rs.25.82 Lac. (Rs.21.90 Lac pertaining to earlier years and Rs.3.92 Lac of current year) for CDM project being lower than NRV of 128,919 CER units.

### Note 17 Trade receivables

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good			
Other Trade receivables Unsecured, considered good		1492	765
Secured, considered good		7	7
<b>TOTAL</b>		<b>1499</b>	<b>772</b>

**Note 18 Cash and cash equivalents**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Cash on hand		2	2
(b) Balances with banks			
(i) In current accounts	1	5	15
(ii) In deposit accounts		133	74
(iii) Margin accounts		38	14
<b>TOTAL</b>		<b>178</b>	<b>105</b>

**Notes:**

1. Excludes Rs 4.68 Lac on account of issue of cheques (stale) against payment of interest.

**Note 19 Short-term loans and advances**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Advances to employees / others Unsecured, considered good	1	335	168
(b) Prepaid expenses - Unsecured, considered good		68	87
(c) Interest Receivable		14	15
(d) Export Incentive Receivable		16	202
(e) Supplier advances - Unsecured, considered good	2	752	1,205
(f) Balances with government authorities Unsecured, considered good			
(i) Input Tax Credit		2	5
(ii) Sales Tax Authorities		1	27
(iii) Income Tax recoverable/Advance Tax		–	27
(g) Amounts Receivable		2	–
(h) Carbon Credit Receivable	3	497	517
<b>TOTAL</b>		<b>1,687</b>	<b>2,253</b>

**Note:-**

1. Classified as Short Term loans as certified by the Management.
2. Includes Rs.700 Lac due from a Promoter company towards the sale of Milkfood brand ( ealier year ) pending no objection from the lending bank who hold the charge. Amount is recoverable within one year from the reporting date as certified by the Management.
3. Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. The amount has been accounted for as income in ealier years and is classified as short term as company is of the view that the units are likely to be sold in the FY 2015-16. Adjustments if any shall be effected on disposal of the units.

**Note 20 Revenue from operations**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Sale of products	1	36940	42518
Other operating revenues	2	155	545
<b>Revenue from operations (Gross)</b>		<b>37095</b>	43063
Less:			
Excise duty		–	–
<b>Revenue from operations ( net)</b>		<b>37095</b>	43063

**1**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	26713	26622
- Milk Powder	10227	15780
- Whey Powder	–	27
- Casein	–	89
<b>Total - Sale of products</b>	<b>36940</b>	42518

**2**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	31	31
Export incentives	107	473
Foreign exchange fluctuation	17	41
<b>Total - Other operating revenues</b>	<b>155</b>	545

**Note 21 Other income**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Interest income	1	15	38
Other income	2	139	224
<b>Total</b>		<b>154</b>	262
Exceptional Item Expenses	3(i)	–	(735)
Extraordinary Income (Net)	3(ii)	–	750

Refer Note No 1 of Note No. 24

1

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Interest income comprises : Interest from banks on: -Deposits	15	38
<b>Total - Interest income</b>	<b>15</b>	<b>38</b>

2

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Other income comprises: Liabilities / provisions no longer required written back	138	7
Reversal of excess provision no longer required (Refer to note 11 A 2)	–	217
Profit on sale of investments	1	–
<b>Total - Other income</b>	<b>139</b>	<b>224</b>

3

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>i. Exceptional Items</b>		
Carbon Credit Receivable Written Off	–	(225)
Security Deposits Written Off	–	(59)
Husk abnormal wastages ( As certified by the Management)	–	(162)
Packing abnormal wastages ( As certified by the Management)	–	(104)
Provision for gratuity and leave encashment including prior period	–	(173)
Loss on sale of assets	–	(12)
<b>TOTAL</b>	<b>–</b>	<b>(735)</b>
<b>ii. Extraordinary Items</b>		
Sale of Brand	–	1,400
Investments written off	–	(425)
Litigation Claims	–	(225)
<b>TOTAL</b>	<b>–</b>	<b>750</b>

**Note:**

- a. During the year company has sold investments of Rs.425 Lac (Written off in the previous year) in Preference shares capital of Grand Regency Hospitalities Private Limited at a consideration of Rs.1 lac in absence of any buyer for sale at net worth as certified by the Management.

**Note 22 A Cost of Material Consumed**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Material consumed comprises:		
Milk	16546	27477
Ghee	14358	8655
Others	675	905
<b>TOTAL</b>	<b>31579</b>	<b>37037</b>

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

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Inventories at the end of the year:		
Finished goods	7519	6960
Work-in-progress	507	489
	8026	7449
Inventories at the beginning of the year:		
Finished goods	6960	6469
Work-in-progress	489	275
	7449	6744
<b>Net (increase) / decrease</b>	<b>(577)</b>	<b>(705)</b>

**Note 23 Employee benefits expense**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Salaries, wages and other Benefits	1	1201	1268
Contributions to provident funds		52	47
Staff welfare expenses		56	60
<b>TOTAL</b>		<b>1309</b>	<b>1375</b>

**Note: 1**

- (a) Provision for Gratuity and Leave encashment has been made during the year in terms of AS-15 (Revised).  
(b) Includes provision of minimum bonus of Rs. 6.33 lacs ( Previous year Rs.7.41 lacs) under the payment of Bonus Act 1965.  
(c) Includes Rs.120 Lac paid to related party subject to approval by the shareholders in the AGM.

**Note 24 Finance costs**

Particulars		For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
(a) Interest expense on:			
(i) Borrowings	1	789	1042
(b) Other borrowing costs ( Bank and other financing charges)		146	105
<b>TOTAL</b>		<b>935</b>	<b>1147</b>

1. Expenses are net of interest received of Rs.91 Lac from M/S Triputi Infrastructure Private Ltd. (P Y Nil). Further interest of Rs.38 Lac (P Y Nil) has been capitalized in Plant & Machinery installed during the year on the premise that the Plant & Machinery was put to use beyond one year of its acquisition.

**Note 25 Depreciation**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Depreciation expenses</b>			
Tangible Assets	1	576	524
Intangible Assets		60	60
<b>TOTAL</b>		<b>636</b>	<b>584</b>

**Note 25 A Depreciation on Gurgaon Assets**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Depreciation expense</b>			
Tangible Assets	1	0	9
<b>TOTAL</b>		<b>0</b>	<b>9</b>

**Note 26 Other expenses**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
(a) - Consumption of stores and spare parts		119	149
- Power and Fuel		972	999
- Repairs - Building		6	6
- Machinery		58	42
- Packing		946	879
(b) - Rent		46	44
- Rates and taxes		13	24
- Insurance		69	72
- Miscellaneous expenses	2	494	445
Payments to the auditors	1	19	21
(c) - Freight & Forwarding Expenses		390	771
- Commission		64	138
<b>TOTAL</b>		<b>3196</b>	<b>3590</b>

**Note -1**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	1	1
- Fees for other services	1	2
- Reimbursement of expenses	1	2
<b>TOTAL</b>	<b>19</b>	<b>21</b>

2. Includes Prior period expenses of Rs.6.18 Lac, Misc balances written off Rs.27.98 Lac and income Tax on perquisites Rs.22.17 Lac.

**Note 27 Statement of profit and loss from discontinued operation for the year ended 31 March, 2015**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Depreciation expense</b>			
1 Revenue from operations (gross)		–	–
Total revenue		–	–
<b>2 Expenses</b>			
(a) Depreciation and amortisation expense	25A	0	9
(b) Other expenses	1	0	28
<b>Total expenses</b>		0	37
<b>Profit before exceptional and extraordinary items</b>		0	(37)
<b>Exceptional Items</b>		–	–
<b>Profit before extraordinary items</b>		0	(37)
<b>Extraordinary Items</b>		–	–
<b>3 Profit/(Loss) from discontinuing operation</b>		0	(37)

**Note 28 Disclosures under Accounting Standards**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Earnings per share</b>		
Basic and diluted		
Net profit for the year ('Rs. In lacs)	100	118
Weighted average number of equity shares (Nos.)	4886440	4886440
Par value per share (In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	2.04	2.42

**Note 29 Disclosures under Accounting Standards**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (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	1361	1361
Others	–	–
Tax effect of items constituting deferred tax liability	1361	1361
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.15	828	866
Disallowances under Section 43B of the Income Tax Act, 1961	173	173
Others	–	–
Tax effect of items constituting deferred tax assets	1001	1039
<b>Deferred tax liability (net)</b>	<b>360</b>	<b>322</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).

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Milkfood Limited (hereinafter referred to as "the Holding Company") and its subsidiary MFL Trading (P) Limited (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

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

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

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

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

## Opinion

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



### Emphasis of Matter

Attention is drawn to the Note No. 5(1) regarding classification of security deposits from suppliers, 5(2a) regarding security deposits from consignees/Advance from customers, Note No. 11(A)(i) regarding impairment of assets, Note No. 19(1) regarding amount due from employees/others, Note No. 19(2) regarding Carbon Credit receivable. Our opinion is not qualified in respect of these matters.

- (a) In the case of Consolidated Balance Sheet of the state of affairs of the Group, as at 31st March, 2015,
- (b) In the case of Consolidated Statement of Profit/Loss, of the reported profit of the company for the year ended on that date; and
- (c) In the case of consolidated cash flows statement of the cash flow of the company for the year ended on that date.

### Other Matters

We did not audit the financial statements / financial information of MFL Trading (P) Ltd (subsidiary), whose financial statements/ financial information reflect total assets of Rs. 39,132/- as at 31st March, 2015, total revenues of Rs. NIL and net cash flows amounting to Rs. NIL for the year ended on that date, as considered in the consolidated financial statements.

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

Our report is not qualified in respect of other matters.

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

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

Place : New Delhi  
Date : 30.05.2015

# Consolidated Balance Sheet

as at 31st March, 2015

Particulars	Note No.	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (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	2,970	2,876
		<u>3,459</u>	<u>3,365</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	1,395	1,846
(b) Deferred tax liabilities (net)	29	360	322
(c) Other long-term liabilities	5	6,153	4,782
(d) Long-term provisions	6	170	129
		<u>8,078</u>	<u>7,079</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	6,030	5,114
(b) Trade payables	8	3,899	4,095
(c) Other current liabilities	9	1,537	2,296
(d) Short-term provisions	10	56	61
		<u>11,522</u>	<u>11,566</u>
<b>TOTAL</b>		<u><u>23,059</u></u>	<u><u>22,010</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11A	10,134	10,050
(ii) Capital work-in-progress	11B	146	224
		<u>10,280</u>	<u>10,274</u>
(b) Investments	12	1	1
(c) Long-term loans and advances	13	507	412
(d) Trade receivables	14	18	27
(e) Inventories	15	30	24
		<u>10,836</u>	<u>10,738</u>
<b>2 Current assets</b>			
(a) Inventories	16	8,858	8,141
(b) Trade receivables	17	1,499	772
(c) Cash and cash equivalents	18	179	106
(d) Short-term loans and advances	19	1,687	2,253
		<u>12,223</u>	<u>11,272</u>
<b>TOTAL</b>		<u><u>23,059</u></u>	<u><u>22,010</u></u>

Summary of significant accounting policies and additional notes to Accounts

1

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

In terms of our report of even date

For & On behalf of the Board of Directors

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place: New Delhi

Date: 30th May, 2015

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

**Asha Gadi**  
**Amarjeet Kapoor**  
**Anil Girotra**  
**K.K. Kohli**  
Directors

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2015

Particulars	Note No.	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
<b>1 Revenue from operations (gross)</b>	20	<b>37095</b>	43063
Less: Excise duty		—	—
Revenue from operations (net)		<b>37095</b>	43063
<b>2 Other income</b>	21	<b>154</b>	262
<b>3 Total revenue (1+2)</b>		<b>37249</b>	43325
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	22A	<b>31579</b>	37037
(b) Changes in inventories of finished goods and work-in-progress	22B	<b>(577)</b>	(705)
(c) Employee benefits expenses	23	<b>1309</b>	1375
(d) Finance Cost	24	<b>935</b>	1147
(e) Depreciation and amortisation expenses	25	<b>636</b>	584
(f) Other expenses	26	<b>3197</b>	3590
<b>Total expenses</b>		<b>37079</b>	43028
<b>Profit before exceptional and extraordinary items</b>		<b>170</b>	297
Exceptional Items Expenses	23B(i)	<b>0</b>	(735)
Extraordinary Item Income (Net)	23B(ii)	<b>0</b>	750
<b>5 Profit before tax (3-4)</b>		<b>170</b>	<b>312</b>
<b>6 Tax expense:</b>			
(a) Current tax		<b>34</b>	55
(b) Net current tax expense		<b>34</b>	55
(c) Deferred tax	29	<b>37</b>	102
<b>Total Tax</b>		<b>71</b>	157
<b>7 Profit/(loss) for the period from Continuing operation after tax (5-6)</b>		<b>99</b>	155
<b>8 Profit/(Loss) from discontinuing operation</b>	27	—	(37)
<b>9 Profit/(loss) for the period (7+8)</b>		<b>99</b>	118
<b>10 Earnings per share (of Rs 10/- each):</b>			
Basic and Diluted - in Rs	28	<b>2.02</b>	2.42
Summary of significant accounting policies and Additional Notes to Accounts	1		

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

In terms of our report of even date

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2015

**Rakesh K Thakur**  
Company Secretary

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**Asha Gadi**  
**Amarjeet Kapoor**  
**Anil Girotra**  
**K.K. Kohli**  
Directors

# Consolidated Cash Flow Statement

for the year ended 31st March, 2015

Particulars	Note No.	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
<b>A. Cash flow from operating activities:</b>			
Net profit before taxation		170	(481)
Adjustments for :			
Depreciation and Amortisation expense		636	593
Finance costs	1	935	1147
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(40)	(157)
Profit on Sales of Investment - Net		(1)	-
Liabilities no longer required written back		(138)	(7)
Interest Income		(15)	(38)
Exchange rate variation		(17)	(41)
Exceptional Items Expenses (Net)		-	(735)
<b>Operating profit before working capital changes</b>		<b>1530</b>	<b>281</b>
<u>Changes in working capital</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(723)	(600)
Trade receivables		(718)	251
Long term loans and advances		(95)	(97)
Short term loans and advances		(134)	(619)
Trade payables		(196)	1426
Other current liabilities		(500)	217
Other long term liabilities		1371	(258)
Short term provisions/ Long Term Provision		36	187
<b>Cash Generated From Operations before extraordinary item</b>		<b>571</b>	<b>788</b>
Extraordinary Item Income (Net)		-	1,175
Excess Provision of Depreciation		-	217
<b>Net cash flow from operating activities (A)</b>		<b>571</b>	<b>2180</b>
<b>B. Cash flow from investing activities:</b>			
Capital expenditure on fixed assets,		(724)	(1099)
Capital work in progress		78	(224)
Proceeds from sale of Investment & Fixed Assets		2	22
Interest received		15	38
Diminution of Investments		-	425
<b>Net cash flow used in investing activities (B)</b>		<b>(629)</b>	<b>(838)</b>
<b>C. Cash flow from financing activities:</b>			
Short-term borrowings		916	242
Proceeds from fixed deposits		(556)	(2)
Proceeds from vehicle loan		179	344
Proceeds from term loan		(427)	207
Proceeds from intercorporate Deposit & other deposit		99	(1018)
Proceeds from short term advances		700	-
Finance costs		(935)	(1147)
Exchange rate variation		17	41
Liabilities no longer required written back		138	7
<b>Net cash flow used in financing activities (C)</b>		<b>131</b>	<b>(1326)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>73</b>	<b>16</b>
Cash and cash equivalents at the beginning of the year		106	90
<b>Cash and cash equivalents at the end of the year</b>		<b>179</b>	<b>106</b>

**Note:-**

- Finance cost as per revised schedule VI has been shown as excluding interest income.
  - 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  
FRN. 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**

Proprietor  
Membership No. 82214  
Place : New Delhi  
Date : 30th May, 2015

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
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**Asha Gadi**  
**Amarjeet Kapoor**  
**Anil Girotra**  
**K.K. Kohli**  
Directors

## NOTE1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis of Preparation of Accounts

The accounts have been prepared in accordance with historical cost convention, applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013 following accrual method of accounting.

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

#### 1.2. Tangible Fixed Assets

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

#### 1.3. Depreciation on Tangible Fixed Assets

Depreciation has been charged on Straight Line Method in accordance with Schedule II of the Companies Act 2013, The management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014. As a result of above, depreciation of Rs.26.64 Lac has been charged to Statement of Profit & Loss Account and Rs.3.36 Lac has been adjusted with opening retained earnings (i.r.o. assets of which useful life is exhausted.) for twelve months ended 31st March 2015. In respect of Plant & Machinery, the company is consistently following the policy of charging depreciation over 20 years, notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery of more than 35 years. This is in pursuance of proviso to sub clause (l) of clause 3 of schedule II of the Companies Act 2013. Similarly for addition of Plant & Machinery during the year company has estimated the useful life of 20 years (15 years specified in Schedule II) based upon the certificate of suppliers / manufacturers of Plant & Machinery. Additions made during the year have been capitalized at the year end and accordingly depreciation has been charged.

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

On Assets Held for Disposal: On SLM as per rates in schedule II of Company Act 2013 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 cost or net realizable value. In pursuance of AS-2 indirect production overhead (estimated by the Management) have been allocated for ascertainment of cost.

#### 1.8 Retirement Benefits

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

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashment are carried forward on year to year basis and facility is granted to employees only in the year of determination of service.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10 Lac. During the year company has made provision of gratuity and leave encashment of Rs.215 Lac as per AS-15.
- (e) Provident Fund:

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

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

### 1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In 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 recognized the CER's 128919 units as inventory in terms of Guidance Note of ICAI and valued the same as per AS-2. Net realizable value has been certified by the consultant. In respect of VCS, company had recognized the income in the earlier years on the basis of consultant certificate. VCS in hand as the close of the year are 97000 units which have been valued on consultant's advice for potential realization at valuation at an amount not less than at what they are stated in the Balance Sheet.

### 1.10 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date. For computing the Deferred tax liability/assets, benefit of brought forward losses has been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s). Deferred tax liability for the year ended 31.03.2015 is Rs.360.71 Lac (Previous Year Rs.322 Lac). During the year deferred tax asset of Rs.91.92 Lac has been recognized in respect of losses on disposal of investment to be carried forward for adjustment in near future regarding accrual of Capital gain as certified by the Management.

### 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. During the year interest of Rs.38 Lac has been capitalized in Plant & Machinery in accordance with AS-16 as certified by the Management.

### 1.12 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account .At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period.

## (B) ADDITIONAL NOTES TO ACCOUNTS

- i. Contingent liabilities:  
Claims not acknowledged as debts Rs.95 Lac (Previous year Rs.152 Lac) and guarantee / obligations of Rs.400 Lac.(Previous year Nil).
- ii. Estimated amount of contracts remaining to be executed on capital account is Rs.5 Lac and not provided for (Net of Advances) (Previous year 23 lac).
- iii. **Expenditure in foreign currency :**

Particulars	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
Fees & Subscription	0	0
Travelling	1	3
<b>TOTAL</b>	<b>1</b>	<b>3</b>

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

Indigenous	For the year ended 31 March, 2015	
	(Rs. in lacs)	%
Raw materials and components	31578 (37037)	100 (100)
Stores and spare parts	119 (149)	100 (100)
<b>TOTAL</b>	<b>31697</b> (37186)	

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

(vi) Earnings in foreign exchange

Particulars	For the year ended 31 March, 2015 (Rs. in lacs)	For the year ended 31 March, 2014 (Rs. in lacs)
Export of goods calculated on FOB basis	1961	8979
<b>TOTAL</b>	<b>1961</b>	<b>8979</b>

(vii) Related Party Disclosers:

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

Description of relationship	Names of related parties
(a) Enterprises over which KMP, major shareholder is able to exercise significant influence	Jagatjit Industries Ltd. MFL Trading Private Ltd (Wholly Owned Subsidiary) Triputi Infrastructure Private Ltd
(b) Key Management Personnel (CEO/ Directors and their relatives)	Ms Roshini Sanah Jaiswal Mr. Sudhir Avasthi Ms Asha Gadi Mr. Suresh Alipuria Mr. Anil Girotra Mr. Amarjeet Kapoor Mr. K. K. Kohli Mr. Sanjeev Kothiala Ms. Rishbha Ahluwalia Mr. Rakesh Thakur

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	15 (13)	— —	15 (13)
Rent paid	4 (4)	— —	4 (4)
Interest Received	91 —	— —	91 —
Amount received for Services	73 (90)	— —	73 (90)
Reimbursement of Expenses	3 (4)	— —	3 (4)
Managerial Remuneration (including sitting fees)	— —	299 (262)	299 (262)
Sales	14 (18)	— —	14 (18)
Outstanding Payables, net of Receivable	718 (19)	318 (94)	1036 (113)

Note: Figures in bracket relates to the previous year

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

## Note 2 Share capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	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>	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 (Rs.0.19 lacs on 2875 partly paid shares)		0		0
	<b>4,886,440</b>	<b>489</b>	4,886,440	489
Add Amount paid on Forfeited Shares (Rs.0.07 lacs on 1450 shares)		0		0
<b>TOTAL</b>	<b>4886440</b>	<b>489</b>	4886440	489

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

Particulars	Opening Balance	Fresh issue	Redemption	Closing Balance
	Equity shares			Equity shares
<b>Year ended 31 March, 2015</b>				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs)	489	—	—	489
<b>Year ended 31 March, 2014</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, 2015		As at 31 March, 2014	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms. Roshini Sanah Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

### Note 3 Reserves and surplus

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(a) Capital redemption reserve</b> At the beginning and at the end of the year		–	–
<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		2206	2088
Less : Depreciation	1	5	–
Add: Transferred from Surplus in Statement of Profit and Loss		99	118
At the end of the year		2300	2206
<b>Total</b>		<b>2970</b>	<b>2876</b>

#### Note:

- Represents depreciation and deferred tax liability in respect of Assets whose useful life has been exhausted.

### Note 4 Long-term borrowings

Particulars	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(a) Term loans - Secured</b>		
From banks	219	427
From others	352	366
<b>(b) Term Loans - Unsecured -Others</b>	824	1,053
<b>TOTAL</b>	<b>1,395</b>	<b>1,846</b>

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

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>Term Loans From Banks: Secured</b>			
Rupee loan from Canara Bank	1	155	395
Vehicle loans from ICICI	2.4	4	–
Vehicle loans from HDFC Bank	2.5	60	32
<b>Total</b>		<b>219</b>	<b>427</b>
<b>From Others: Vehicle</b>			
Kotak Mahindra Prime Ltd	2.1-2.3	352	360
Volkswagen Finance P.Ltd		–	3
Magma Fincorp Ltd	2.6	–	3
<b>Total</b>		<b>352</b>	<b>366</b>
<b>From Others-Unsecured :</b>			
Kotak Mahindra Bank Ltd	3	99	–
Inter Corporate Deposits	4	500	500
Public Deposits	5	225	553
<b>TOTAL</b>		<b>824</b>	<b>1053</b>

#### Notes:-

##### 1 Term Loans From Banks:

- Rupee Loan from Canara Bank of Rs.395 lacs at interest rate of 13.70% p.a is payable at monthly rests in equal instalments of Rs.20 Lac each, detailed hereunder:-  
Rs.240 lacs ( From April'2015 to March'2016) Refer Note No.9(a)  
Rs.155 lacs ( From April'2016 to Nov'2016)
- Term Loans sanctioned by Canara Bank are secured by the exclusive charge on fixed assets to the extent of Rs.19.50 Crores and pari-passu 1st charge with State Bank of Patiala on balance fixed assets.As per MCA 21 charge registered with Canara bank is of Rs.27 Crores. Company has vide letter dated 20.02.2015 written to the bank for satisfaction of charge of Rs.15 Crores which is pending.

- 2 Vehicle loans are secured against hypothecation of respective vehicles.
- (2.1) Vehicle Loans of Rs.315 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by June' 2017 and carry interest rate of 14.15% p.a . Refer Note No.9(b)
- (2.2) Vehicle Loans of Rs.117 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Sep' 2018 and carry interest rate of 9.95% to 11.38% p.a . Refer Note No.9(b)
- (2.3) Vehicle Loans of Rs.201Lac from Kotak Mahindra Prime Limited are repayable by Feb'2017 and carry interest of 14.91%. (Refer note no. 9 (b))
- 2.3(a) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 47.
- (2.4) Vehicle Loan of Rs.8 Lac from ICICI Bank Ltd is repayable in monthly instalments by June'2017 and carry interest of 10.50%. Refer Note no. 9 (b).
- (2.5) Vehicle Loans of Rs.94 Lac (Two in number) from HDFC Bank Limited is repayable in monthly instalments by Dec'2017 and carry interest of 10.25%. (Refer note no. 9 (a).
- (2.6) Vehicle loan of Rs.4 Lac from Magma Fincorp Ltd is repayable in monthly instalments by Jan'2016 and carry interest of 12.33%. (Refer note no. 9 (b).
- (3) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.193 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Feb'2017. Refer note no. 7 b (1.2)
- (4) Inter Corporate Deposit of Rs.500 Lac from M/S Win Win Traders P Ltd is payable by 31st March'2017 as certified by the Management.
- 5. Public Deposits:-**
- (5.1) Public deposits are repayable as under:
- (a) Rs.331 lacs Payable by March 2016 and carry interest of 11% to 11.5%.(Refer note no. 9 (c))
- (b) Rs.225 lacs Payable by March 2017 and carry interest of 11% to 11.5%
- (5.2) Public deposits guaranteed by Directors Rs.183 lacs/-
- (5.3) Public deposits matured but unclaimed amounting to Rs 10 lacs (Previous Year 9 lacs).

#### Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Others:			
(i) Security deposits received from suppliers	1	2920	1640
(ii) Others			
Security deposits received from consignees/ Advances from customers	2a & 2b	3225	3134
(iii) Others payable	3	8	8
<b>TOTAL</b>		<b>6153</b>	<b>4782</b>

#### Note:-

- Security Deposits are confirmed by suppliers payable after 31.03.2016 and have been accordingly classified.
- Includes Rs.2542 Lac as security deposit from the consignees and payable after 31.03.2016 as certified.
  - Includes sum of Rs.650 Lac which is repayable beyond twelve months from the reporting date, as certified by the management.
- Includes Rs 6 Lac towards Public Deposit interest payable (to be transferred to investor education fund in future years) and Rs. 1 lac payable to ex-employee pending final decision of court.

#### Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	1	159	112
(b) Provision - Others:			
(i) Provision for tax (net of Advance tax & TDS)	2	0	17
(c) Provision for Sales Tax	3	11	-
<b>TOTAL</b>		<b>170</b>	<b>129</b>

- Provision for Gratuity and leave encashment has been made in terms of AS-15 (Revised). For Gratuity Liability has been determined on 31.03.2015 and for Leave Encashment Liability is determined on calendar year basis. Refer Note No.10.
- Refer Note No. 13(g).
- Provision has been created against old demands pending appeals.

## Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(a) From Bank - Secured</b> Cash Credit	1.1	5937	4946
<b>(b) From Bank - Unsecured</b> Term Loan	1.2	93	168
<b>TOTAL</b>		<b>6030</b>	5114

### Note:-

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

The State Bank of Patiala has also extended supplier's line of credit to the extent of Rs.400 Lac covered in the charge created by the company in its overall limits. Refer Note 1.2 of Note 4.

1.2) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.193 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Feb'2017. (Refer Note no. 4 (3))

## Note 8 Trade payables

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trade payables	1	3,899	4,095
<b>TOTAL</b>		<b>3,899</b>	4,095

### Note:

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

(b) Refer Note 5(1).

## Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Current maturities of Long Term Debts *		893	1,146
(b) Interest accrued but not due on Public Deposits		35	60
(c) Other payables			
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		100	109
ii) Advances from customers	6	385	852
iii) Trade / security deposits received		0	5
iv) Other outstanding expenses including salary & wages etc.		124	124
<b>TOTAL</b>		<b>1,537</b>	2,296

### Current maturities of Long Term Debts \*

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(a) From Bank - Secured</b>			
Term Loan - Canara Bank	1	240	428
Vehicle loans - From HDFC Bank / ICICI Bank	2	36	15

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
<b>(b) Vehicle loans Others</b>			
Kotak Mahindra Prime Ltd	3	282	140
Volkswagen Finance P.Ltd		0	3
Magma Fincorp Ltd	4	4	5
<b>(c) From Others Unsecured</b>			
State Bank of Patiala - (Book Overdraft)		0	10
State Bank of Patiala (PD Account)		0	10
Public Deposits	5	331	535
<b>TOTAL</b>		<b>893</b>	<b>1146</b>

**Note:**

1. Refer Note No 1.1 & 1.2 of Note 4
2. Refer Note No 2.5 of Note 4
3. Refer Note No 2.1,2.2 & 2.3 & 2.3(a) of Note 4.
4. Refer Note No 2.6 of Note 4
5. Refer Note No 5.1 & 5.2 of Note 4
6. Refer Note No 5 (2b)

**Note 10 Short-term provisions**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Provision - Others:			
(i) Provision for employee benefit (Gratuity & Leave encashment)	6 & 21.3	56	61
<b>TOTAL</b>		<b>56</b>	<b>61</b>

**Note 11 A Fixed Assets**

**TANGIBLE/INTANGIBLE ASSETS**

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	01.04.2014	Additions	Deductions	31.03.2015	01.04.2014	For the Year	Reverse with General Reserve	On Deduction	31.03.2015	31.03.2015	31.03.2014
Freehold Land	330	-	-	330	-	-	-	-	-	330	330
Buildings	2,425	4	-	2,429	617	65	-	-	682	1,747	1,808
Plant & Machinery Refer Note 1,2 & 3	11,592	471	-	12,063	4,171	483	1	-	4,655	7,408	7,421
Furniture, Fixtures and Equipments	153	6	-	159	109	6	2	-	117	42	44
Vehicles	672	243	1	914	225	82	-	-	307	607	447
<b>Total</b>	<b>15,172</b>	<b>724</b>	<b>1</b>	<b>15,895</b>	<b>5,122</b>	<b>636</b>	<b>3</b>	<b>-</b>	<b>5,761</b>	<b>10,134</b>	<b>10,050</b>
Previous Year	14,164	1,099	91	15,172	4,801	593	-	55	5,122		

**Notes:-**

1. (i) There is no impairment of assets as per AS 28 of ICAI as the company has a composite plant with production facilities capable of interchangeable use for manufacture of casein and milk powder. All assets had been put to use for manufacture of milk powder.  
(ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 233 lacs. In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 10 years . The amount amortized during the year is Rs. 60 lacs ( Previous Year Rs.60 lacs).
2. Company has capitalized the opening work in progress and the additions made during the year at the close of the year and accordingly charged the depreciation.
3. In accordance with Schedule II of the Companies Act 2013, the management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014. As a result of the above, depreciation of Rs.26.64 Lac has been charged to Statement of Profit & Loss Account and Rs.3.36 Lac has been adjusted with opening retained earnings (i.r.o.assets of which useful life is exhausted.) for twelve months ended 31st March, 2015. In respect of Plant & Machinery, company is consistently following the policy of charging depreciation over 20 years , notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery is more than 35 years. This is in pursuance of proviso to sub clause (i) of clause 3 of Schedule ii of Companies Act 2013. Similarly for additions of Plant & Machinery during the year company has estimated the useful life of 20 years (as against 15 years specified in schedule ii) based upon the certificate of suppliers/manufacturers of Plant & Machinery.
4. Interest of Rs.38 Lac have been capitalized in Plant & Machinery in accordance with As-16 as certified by the management.

### Note 11 B Capital work in progress

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Machinery (including advances to suppliers on capital account - Rs.26 Lac).		146	224
<b>TOTAL</b>		<b>146</b>	<b>224</b>

**Note :** Refer note 2 of note 11 A. Estimated amount of capital contracts remaining to be executed is Rs.5.08 Lac.

### Note 12 Investment

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
National Saving Certificates	1	1	1
<b>TOTAL</b>		<b>1</b>	<b>1</b>

**Note:**

1. Pledged with Government Authorities towards fulfillment of statutory obligations.

### Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good	1	3	65
(b) Security deposits Unsecured, considered good	1	118	90
(c) Loans and advances to employees Unsecured, considered good	1	220	170
(d) Input Tax credit	1	–	1
(e) Prepaid expenses		26	
(f) Sales Tax Authorities	1.1	104	86
(g) Income tax recoverable (Net of Provisions)		36	–
<b>TOTAL</b>		<b>507</b>	<b>412</b>

**Notes**

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

### Note 14 Trade receivables non current

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trade receivables from government departments outstanding for a period exceeding 12 months from the date they were due for payment Unsecured, considered good	1	18	27
<b>TOTAL</b>		<b>18</b>	<b>27</b>

**Notes:**

- Certified by the Management as good & recoverable. Necessary adjustment, if any, will be effected in FY2015-16.

**Note 15 Non current inventories**

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trees and Plantation	1	30	24
<b>TOTAL</b>		<b>30</b>	<b>24</b>

**Note:**

- Represents the green initiative taken by the company. Company is of the view that the trees planted take few years to grow and thereafter will have commercial value.

**Note 16 Inventories**

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Raw materials		47	22
(b) Work-in-progress - Dairy Products		507	489
(c) Finished goods - Dairy Products		7519	6960
(d) Stores and spares		589	511
(e) CER (Units)	1	26	–
(f) Packing materials		170	155
(g) Trees & Plantation		–	4
<b>TOTAL</b>		<b>8858</b>	<b>8141</b>

- In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV- certified by the consultant) as per AS-2 of ICAI. Total cost incurred is Rs.25.82 Lac. (Rs.21.90 Lac pertaining to earlier years and Rs.3.92 Lac of current year) for CDM project being lower than NRV of 128,919 CER units.

**Note 17 Trade receivables**

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good			
Other Trade receivables Unsecured, considered good		1492	765
Secured, considered good		7	7
<b>TOTAL</b>		<b>1499</b>	<b>772</b>

### Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
(a) Cash on hand		3	3
(b) Balances with banks			
i) In current accounts	1	5	15
ii) In deposit accounts		133	74
iii) Margin accounts		38	14
<b>TOTAL</b>		<b>179</b>	<b>106</b>

**Notes:**

1. Excludes Rs 4.68 Lac on account of issue of cheques (stale) against payment of interest.

### Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
a) Advances to employees / others Unsecured, considered good	1	335	168
(b) Prepaid expenses - Unsecured, considered good		68	87
(c) Interest Receivable		14	15
(d) Export Incentive Receivable		16	202
(e) Supplier advances - Unsecured, considered good	2	752	1,205
(f) Balances with government authorities Unsecured, considered good			
i) Input Tax Credit		2	5
ii) Sales Tax Authorities		1	27
iii) Income Tax recoverable/Advance Tax		–	27
(g) Amounts Receivable		2	–
(h) Carbon Credit Receivable	3	497	517
<b>TOTAL</b>		<b>1,687</b>	<b>2,253</b>

**Note:-**

1. Classified as Short Term loans as certified by the Management.
2. Includes Rs.700 Lac due from a Promoter company towards the sale of Milkfood brand ( ealier year ) pending no objection from the lending bank who hold the charge. Amount is recoverable within one year from the reporting date as certified by the Management.
3. Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. The amount has been accounted for as income in ealier years and is classified as short term as company is of the view that the units are likely to be sold in the FY 2015-16. Adjustments if any shall be effected on disposal of the units.

## Note 20 Revenue from operations

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Sale of products	1	36940	42518
Other operating revenues	2	155	545
<b>Revenue from operations (Gross)</b>		<b>37095</b>	43063
Less:			
Excise duty		-	-
<b>Revenue from operations (net)</b>		<b>37095</b>	43063

1

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	26713	26622
- Milk Powder	10227	15780
- Whey Powder	-	27
- Casein	-	89
<b>Total - Sale of products</b>	<b>36940</b>	42518

2

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	31	31
Export incentives	107	473
Foreign exchange fluctuation	17	41
<b>Total - Other operating revenues</b>	<b>155</b>	545

## Note 21 Other income

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Interest income	1	15	38
Other income	2	139	224
<b>Total</b>		<b>154</b>	262
Exceptional Item Expenses	3(i)	-	(735)
Extraordinary Income (Net)	3(ii)	-	750

Refer Note No 1 of Note No. 24

1

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Interest income comprises :		
Interest from banks on:		
-Deposits	15	38
<b>Total - Interest income</b>	<b>15</b>	<b>38</b>

2

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Other income comprises:		
Liabilities / provisions no longer required written back	138	7
Reversal of excess provision no longer required ( Refer to note 11 A 2)	–	217
Profit on sale of investments a	1	–
<b>Total - Other income</b>	<b>139</b>	<b>224</b>

3

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>i. Exceptional Items</b>		
Carbon Credit Receivable Written Off	–	(225)
Security Deposits Written Off	–	(59)
Husk abnormal wastages ( As certified by the Management)	–	(162)
Packing abnormal wastages ( As certified by the Management)	–	(104)
Provision for gratuity and leave encashment including prior period	–	(173)
Loss on sale of assets	–	(12)
<b>TOTAL</b>	<b>–</b>	<b>(735)</b>
<b>ii. Extraordinary Items</b>		
Sale of Brand	–	1,400
Investments written off	–	(425)
Litigation Claims	–	(225)
<b>TOTAL</b>	<b>–</b>	<b>750</b>

**Note:**

- a. During the year company has sold investments of Rs.425 Lac (Written off in the previous year) in Preference shares capital of Grand Regency Hospitalities Private Limited at a consideration of Rs.1 lac in absence of any buyer for sale at net worth as certified by the Management.

**Note 22 A Cost of Material Consumed**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Material consumed comprises:		
Milk	16546	27477
Ghee	14358	8655
Others	675	905
<b>TOTAL</b>	<b>31579</b>	<b>37037</b>

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

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Inventories at the end of the year:		
Finished goods	7519	6960
Work-in-progress	507	489
	8026	7449
Inventories at the beginning of the year:		
Finished goods	6960	6469
Work-in-progress	489	275
	7449	6744
<b>Net (increase) / decrease</b>	<b>(577)</b>	<b>(705)</b>

**Note 23 Employee benefits expense**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Salaries, wages and other Benefits	1	1201	1268
Contributions to provident funds		52	47
Staff welfare expenses		56	60
<b>TOTAL</b>		<b>1309</b>	<b>1375</b>

**Note: 1**

- (a) Provision for Gratuity and Leave encashment has been made during the year in terms of AS-15 (Revised).  
(b) Includes provision of minimum bonus of Rs. 6.33 lacs ( Previous year Rs.7.41 lacs) under the payment of Bonus Act 1965.  
(c) Includes Rs.120 Lac paid to related party subject to approval by the shareholders in the AGM.

**Note 24 Finance costs**

Particulars		For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
(a) Interest expense on:			
(i) Borrowings	1	789	1042
(b) Other borrowing costs ( Bank and other financing charges)		146	105
<b>TOTAL</b>		<b>935</b>	<b>1147</b>

1. Expenses are net of interest received of Rs.91 Lac from M/S Triputi Infrastructure Private Ltd. (P Y Nil). Further interest of Rs.38 Lac (P Y Nil) has been capitalized in Plant & Machinery installed during the year on the premise that the Plant & Machinery was put to use beyond one year of its acquisition.

**Note 25 Depreciation**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Depreciation expenses</b>			
Tangible Assets	1	576	524
Intangible Assets		60	60
<b>TOTAL</b>		<b>636</b>	<b>584</b>

**Note 25 A Depreciation on Gurgaon Assets**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Depreciation expense</b>			
Tangible Assets	1	0	9
<b>TOTAL</b>		<b>0</b>	<b>9</b>

**Note 26 Other expenses**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
(a) - Consumption of stores and spare parts		119	149
- Power and Fuel		972	999
- Repairs - Building		6	6
- Machinery		58	42
- Packing		946	879
(b) - Rent		46	44
- Rates and taxes		13	24
- Insurance		69	72
- Miscellaneous expenses	2	495	445
Payments to the auditors	1	19	21
(c) - Freight & Forwarding Expenses		390	771
- Commission		64	138
<b>TOTAL</b>		<b>3197</b>	<b>3590</b>

**Note -1**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	1	1
- Fees for other services	1	2
-Reimbursement of expenses	1	2
<b>TOTAL</b>	<b>19</b>	<b>21</b>

2. Includes Prior period expenses of Rs.6.18 Lac, Misc balances written off Rs.27.98 Lac and income Tax on perquisites Rs.22.17 Lac.

**Note 27 Statement of profit and loss from discontinued operation for the year ended 31 March, 2015**

Particulars	Note	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
1 Revenue from operations (gross)		–	–
Total revenue		–	–
<b>2 Expenses</b>			
(a) Depreciation and amortisation expense	25A	0	9
(b) Other expenses	1	0	28
<b>Total expenses</b>		0	37
<b>Total expenses</b>		0	37
<b>Profit before exceptional and extraordinary items</b>		0	(37)
<b>Exceptional Items</b>		–	–
<b>Profit before extraordinary items</b>		0	(37)
<b>Extraordinary Items</b>		–	–
<b>3 Profit/(Loss) from discontinuing operation</b>		0	(37)

**Note 28 Disclosures under Accounting Standards**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (Rs. in lacs)
<b>Earnings per share</b>		
Basic and diluted		
Net profit for the year ('Rs. In lacs)	98	118
Weighted average number of equity shares (Nos.)	4886440	4886440
Par value per share (In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	2.00	2.42

**Note 29 Disclosures under Accounting Standards**

Particulars	For the Year ended 31 March, 2015 (Rs. in lacs)	For the Year ended 31 March, 2014 (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	1361	1361
Others	–	–
Tax effect of items constituting deferred tax liability	1361	1361
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.15	828	866
Disallowances under Section 43B of the Income Tax Act, 1961	173	173
Others	–	–
Tax effect of items constituting deferred tax assets	1001	1039
<b>Deferred tax liability (net)</b>	<b>360</b>	<b>322</b>

**Note :**

1. 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).



