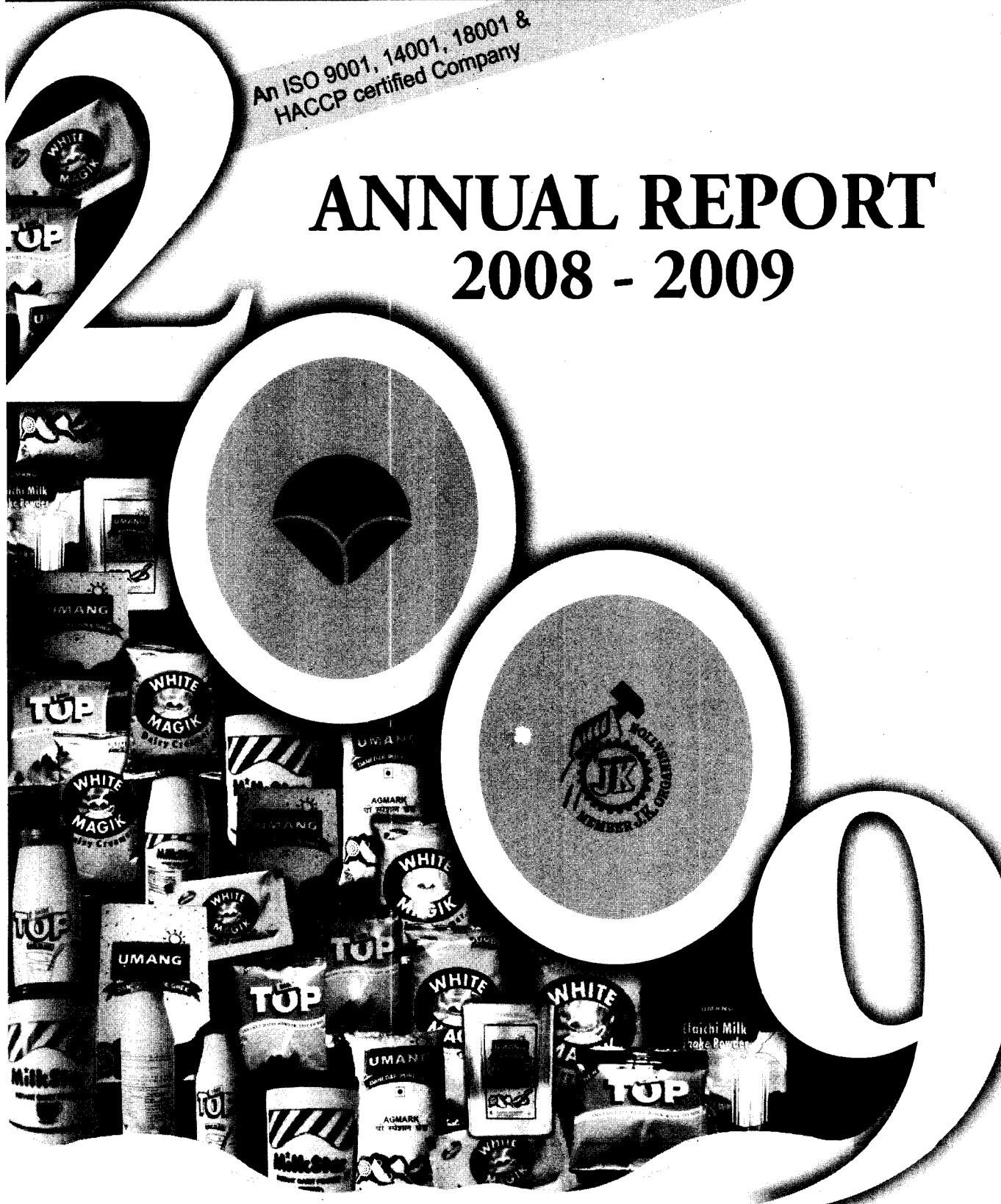
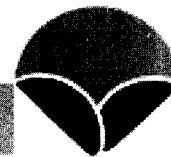


An ISO 9001, 14001, 18001 &
HACCP certified Company

ANNUAL REPORT 2008 - 2009



UMANG DAIRIES LIMITED



BOARD OF DIRECTORS

D. B. Doda

R. C. Jain

R. C. Periwai

R. L. Saha

CORPORATE OFFICE

Gulab Bhawan, 3rd Floor
6A, Bahadur Shah Zafar Marg
New Delhi - 110 002
Phone : (011) 41011116
e-mail : umang@jkmil.com
website : www.umangdairies.com

REGISTERED OFFICE

Gajraula-Hasanpur Road
Gajraula
Distt. Jyotiba Phule Nagar, (U.P.)
Pin - 244 235
Phone : (05924) 252491 - 4

AUDITORS

Lodha & Co.
Chartered Accountants

COMPANY SECRETARY

Shuchi Sharma

BANKERS

Canara Bank
State Bank of India
Punjab National Bank

SHARE TRANSFER AGENT

MAS Services Limited
T-34, 2nd Floor, Phase - II
Okhla Industrial Area
New Delhi - 110 020
Phone : (011) 26387281/82/83
e-mail : mas_serv@yahoo.com

UMANG DAIRIES LIMITED

Corporate Office: Gulab Bhawan, 3rd Floor, 6A, Bahadur Shah Zafar Marg,
New Delhi – 110 002

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of UMANG DAIRIES LIMITED will be held at the Registered Office of the Company at Gajraula-Hasanpur Road, Gajraula, Distt. Jyotiba Phule Nagar, (U.P.) - 244235 on Wednesday, the 16th September 2009 at 12.30 P.M. to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 2009 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R.C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following as Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 224 of the Companies Act 1956, M/s. Lodha & Co., Chartered Accountants, New Delhi, be and are hereby appointed as Auditors of the Company from the conclusion of the 16th Annual General Meeting upto the conclusion of the next Annual General Meeting on a remuneration of Rs. 1,20,000/-, excluding service tax as applicable and reimbursement of travelling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the audit.”

REGISTERED OFFICE:

Gajraula-Hasanpur Road
Gajraula
Distt. Jyotiba Phule Nagar, (U.P.) - 244235

By order of the Board

R.C. PERIWAL

Director

Date: 27th May 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Annual Book Closure of Register of Members and Share Transfer Book: 06.09.2009 to 16.09.2009 (both days inclusive).
3. Resume of Shri R.C. Jain proposed for reappointment as Director liable to retire by rotation (Item No. 2).

Shri R.C. Jain is a B.Com and L.L.B. and has about 42 years of rich experience in different capacities in the field of Finance and Accounts. He does not hold any Directorship in Board and Membership of Committees of the Board in any other Companies. He holds 100 shares in the Company as a joint shareholder.

REGISTERED OFFICE:

Gajraula-Hasanpur Road
Gajraula
Distt. Jyotiba Phule Nagar, (U.P.) - 244235

By order of the Board

R.C. PERIWAL

Director

Date: 27th May 2009



DIRECTORS' REPORT

To the Members

The Directors present the 16th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in Lacs)

	2008-2009	2007-2008
Sales and Other Income	3344.37	3745.06
Operating Profit/(Loss) (PBIDT)	(97.44)	51.89
Profit/(Loss) before Depreciation (PBDT)	(122.96)	26.06
Net Profit/(Loss)	(253.41)	(103.69)

Interest on Term Loans, Debentures & advance against Debentures and penal interest / liquidated damages etc. thereon has not been provided since the matter is pending with BIFR for finalization of Rehabilitation Scheme (amount unascertained).

OPERATIONS

The year continued to be difficult. Due to large scale slaughter of milch cattle during later part of 2007-08 and early part of 2008-09, the production of milk fell during the year in comparison to 2007-08. The estimates are that in Northern India the shortfall could be as high as 20%. As a consequence, the price of raw milk increased by about 6%. Only a part of increase in milk cost could be passed on in the selling price of end-products.

The Company's main focus during the previous year as well as the year under review was on contract manufacturing for large dairies and institutional buyers. Due to shortfall in the milk production, M/s Mother Dairy Fruit & Vegetables Pvt. Ltd. who is the main party for whom the Company does the contract manufacturing job, got much less milk processed from the Company. During the year under review, this activity lasted for 18 days only against 74 days in 2007-08.

Lower production of milk also affected the Company's sale of liquid milk adversely and sales dropped by about 11%, which effected the profitability.

The Company continues to maintain its leadership position in Premixes for Tea & Coffee vending machines.

Milk supply in our milk shed area was less by about 20%, as compared to previous year.

Industrial relations remained cordial. HRD continued to get the desired attention. Training programmes - in-house and outside - at different levels of employees were pursued on projected lines.

The Company was registered with BIFR as a sick industrial unit in May 2002. In the hearing held on 14th July 2005, the Company was declared Sick and Canara Bank was appointed as Operating Agency (OA) by BIFR. The Draft Rehabilitation Scheme (DRS) submitted earlier by the Company was found short of the expectations of the lenders / OA and in the hearing held on 30.03.2009, the Company was directed to submit a revised and fully tied up DRS. The Company has since submitted a revised DRS to OA on 08th May 2009 which is under consideration.

AUDITORS

M/s Lodha & Co., Chartered Accountants, the Auditors of the Company, retire and are eligible for re-appointment at the ensuing Annual General Meeting. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956 your Directors state that:

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures;
- ii) the Accounting Policies selected and applied are consistent and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Annual Accounts have been prepared on a going concern basis.

DIRECTORS

Shri R.C. Jain, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussions and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of the conditions of Corporate Governance are made a part of this Annual Report.

PARTICULARS OF EMPLOYEES

During the year under review, there were no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY

Details of energy conservation alongwith the other information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 are annexed.

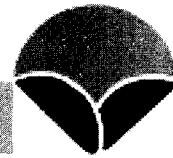
ACKNOWLEDGEMENTS

The Directors wish to thank the Customers, Dealers, Vendors, Bankers, Financial Institutions, Government Authorities, Shareholders and Debentureholders for their continued support. They also place on record their appreciation of the hard work put in by the employees at all levels during the period under report.

On behalf of the Board

Place : New Delhi
Date : 27th May 2009

R.C. Periwal
Director
(Chairman of this meeting)



MANAGEMENT DISCUSSIONS AND ANALYSIS INDUSTRY SCENARIO AND OUTLOOK

Milk production in India dropped by about 7% in 2008 – estimated to be 93 Million MT. For the first time, after a good number of years of growth, there is de-growth in milk production. Experts opine that the shortfall will be made up in 2009 and the milk production will again be on growth trajectory from 2010 onwards. India, however, continues to be world's largest producer of milk followed closely by USA.

Milk price in Australia and New Zealand ruled pretty lower than what it was in 2007. Consequently very insignificant quantity of Skimmed Milk Powder was exported from India due to unviable prices offered by New Zealand and Australia. Casein which used to be a major dairy product for export from India also suffered a set back, both in terms of volume as well as profitability, due to sharp drop in casein prices in overseas markets.

Dairy, however, is a cyclical industry and this adverse situation may reverse in the ensuing or next winter season.

Momentum on opening of retail outlets by large Global and Indian retail chains continued during the first half of the year. However, due to global melt down in the economy and higher rentals prevailing in India, opening of new outlets was frozen by retail chains in the second half of the year; in fact some of the large chains closed down a number of unviable retail outlets. Dairy products have found place in these outlets and this augurs well for dairy industry to diversify into products like UHT Milk, Dahi, Yoghurt, Lassi, Paneer, Chhena etc. Long term prospects of organized retail chains and dairy industry seems to be good.

DOMESTIC MARKET & COMPANY'S PRODUCTS BRANDED MILK POWDERS IN CONSUMER PACKS

The Company stuck to its policy of marketing its popular brands



Rotary Expo, Ramgarh (Jharkhand)

WHITE MAGIK and DAIRY TOP, dairy creamers in consumer packs in limited geographical areas. No doubt it resulted in reduced volume sales, savings in distribution and marketing cost justifies the move.

CONTRACT MANUFACTURING

Contract manufacturing for Mother Dairy Fruits & Vegetables Private Limited continued during the year.

PREMIXES FOR VENDING MACHINES

The Company continues to remain a dominant player in this segment.



Wal-Mart invited us to take a stall on the occasion of their Annual Day 2009. UDL Team vending flavoured milk to the gathering.

OUTLOOK

Long term outlook for industry remains positive. Some foreign dairy majors have already established their shops in India and more are in the process of identifying a local partner. With the entry of a good number of Global Dairy majors, availability of modern technology for making new generation dairy products will not be a constraint. The flip side, however, is that conditions of hygiene at cattle rearing, milching and at fodder level remain below par in relation to European standards. This is acting as a major road block for large-scale exports of dairy products to western countries. Dairy industry has represented to Government of India to take some steps to improve this area but no serious efforts on the part of government are in sight.



On Wal-Mart's Annual Day 2009, Mr. Rajan Bharti Mittal keenly looking at UDL products on display. Wal-Mart has contracted to buy UDL Ghee under their private label "Great Value"

STRENGTHS OF THE COMPANY

RAW MATERIAL

The Company's plant is located in the milk surplus area of western Uttar Pradesh. Over the years, the Company has built up a Village Level Collection (VLC) network including Chilling Centres and collects milk from over 800 villages comprising about 25000 farmers – twice a day. The milk so collected is not only of better quality but is also cheaper as compared to the milk purchased from the Contractors. This gives the Company an edge over many other players in the industry. Necessary steps are being taken by the Company to maintain the level of milk procurement through the VLC network despite increasing competition in the milk shed area.

COST COMPETITIVENESS

The thrust on maintaining the operating efficiencies in the Plant continues .

HUMAN RESOURCE DEVELOPMENT

The Company recognises the contribution and importance of its employees in today's highly competitive environment and has been systematically developing the skills and empowering its employees. People are encouraged to take on new roles and expand their horizons. Training needs at different levels

are identified through an Annual Performance Appraisal System and need based training programmes are regularly organized for all levels of employees. In order to encourage leadership and problem solving among workmen, the Company has helped establish Quality Circles. A number of job rotations were done to enhance employees' skills as well as to enrich their work experience.

SOCIAL OBLIGATIONS

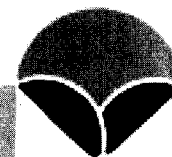
Various community welfare programmes in villages around its Plant have been undertaken by the Company. This includes seminars for educating the villagers, free vaccination to the animals of farmers, free veterinary services and supply of cattle feed to farmers at subsidised rates.

INTERNAL CONTROL SYSTEMS

There is adequate internal control system in place. The Company has appointed an external firm of Chartered Accountants to carry out the internal audits of the Plant and HO. Their audit reports alongwith the action taken reports thereon are reviewed by the Audit Committee of the Directors.

CAUTIONARY STATEMENT

"Management Discussion and Analysis Report" contains forward looking statements which may be identified by the use of words in that direction or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking. These are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and remaining committed to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2. BOARD OF DIRECTORS:

- (i) The Board of Directors presently consists of four Non-Executive Directors of which two are Independent Directors. Other details are as given hereunder:

At present the Directors of the Company have not elected any permanent Chairman but the Directors present at each meeting elect one of the non-

executive Directors then present to be the Chairman of the meeting. However, the Company complies with requirement of Clause 49(l) of the Listing Agreement, as two out of the four Directors are independent.

Shri Pramod Kapoor is the Manager of the Company u/s 269 of the Companies Act, 1956 w.e.f. 19.04.2007.

- (ii) Date & Number of Board Meetings held:-

During the year 2008-2009, five Board Meetings were held on 22nd April 2008, 30th June 2008, 29th July 2008, 24th October 2008 and 28th January 2009.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

- (iii) The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Directors). In terms of the Clause 49 of the Listing Agreement and contemporary practices of good corporate governance, the Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is available on the website (www.umangdairies.com). All the Board Members and Senior Management Personnel have affirmed compliance with the code.

Director	Category	No. of Board Meetings attended during 2008-09	Whether attended last A.G.M. (19.09.2008)	No. of other Directorships and Committee Memberships/ Chairmanships		
				Other Directorships*	Other Committee Memberships **	Other Committee Chairmanships **
Shri D.B. Doda	Non-Executive Non-Independent	4	No	-	-	-
Shri R.C. Jain	Non-Executive Independent	5	Yes	-	-	-
Shri R.C. Periwal	Non-Executive Non-Independent	5	Yes	-	-	-
Shri R.L. Saha	Non- Executive Independent	5	Yes	-	-	-

* excludes Directorships in Private Ltd Companies, Foreign Companies, memberships of Managing Committees of various Chambers/bodies /Section 25 Companies.

** only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.

This report contains a declaration to this effect signed by Director.

3. **AUDIT COMMITTEE:** Terms of Reference of the Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee presently consists of Shri R.C. Jain (Chairman), Shri R.L. Saha and Shri R.C. Periwal, as members. The Composition of the Committee is in conformity with Clause 49 II (A) of the Listing Agreement.

Five meetings of the Audit Committee were held during the year 2008-09 as detailed hereunder:

Dates of meetings	No. of members attended
22 nd April 2008	3
30 th June 2008	3
29 th July 2008	3
24 th October 2008	3
28 th January 2009	3

4. **REMUNERATION PAID TO THE DIRECTORS:** Details of remuneration paid during the year 2008-2009:

The Non - Executive Directors were paid sitting fees of Rs.750/- for each meeting of the Board and Rs.500/- for each meeting of Audit Committee and Shareholders/ Investors Grievance Committee of the Directors attended by them and the Company has paid Rs.29,250/- towards sitting fees to them during the year 2008-09.

Non - Executive Directors did not have any other material pecuniary relationship or transaction vis-a-vis the Company during the year.

Number of Equity Shares held by Non-Executive Directors: Shri D.B. Doda (1150 Equity Shares) and Shri R.C. Jain (100 Equity Shares).

5. **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:** The Committee presently consists of three Directors, namely Shri R.C. Periwal, Shri R.C. Jain and Shri R.L. Saha. The Composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. Five meetings of the said Committee were held during the year 2008-09 as detailed hereunder:

Dates of meetings	No. of members attended
22 nd April 2008	3
30 th June 2008	3
29 th July 2008	3
24 th October 2008	3
28 th January 2009	3

Ms. Shuchi Sharma, Company Secretary, is the Compliance Officer.

During the year ended 31st March 2009, 8 complaints were received, all of which were redressed to the satisfaction of the shareholders. The Board has delegated the power of share transfer to a committee of Directors and the share transfer formalities are attended to as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares.

6. **GENERAL BODY MEETINGS:**

(i) Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2005-2006	Umang Dairies Limited Gajraula-Hasanpur Road Gajraula Distt. Jyotiba Phule Nagar U.P. - 244 235	18.08.2006	12.30 P.M.
2006-2007	Same as above	27.08.2007	12.30 P.M.
2007-2008	Same as above	19.09.2008	12.30 P.M.

- (ii) No Special Resolutions were required to be put through postal ballot last year. No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.
- (iii) Special Resolutions passed in previous 3 Annual General Meetings:

- (a) No special resolution was passed in the last Annual General Meeting of the Company held on 19th September 2008 and in the Annual General Meeting of the Company held on 27.08.2007.
- (b) At the Annual General Meeting of the Company held on 18.08.2006, Special Resolution was passed for getting the shares of the Company delisted from Uttar Pradesh Stock Exchange Association Ltd.

7. **Disclosures:** Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large. *None*

Suitable disclosure as required by Accounting Standard (AS-18) – Related Party Disclosures, has been made in the Annual Report.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital market, during the last three years : Complaint case was filed by Registrar of Companies, U.P. and Uttaranchal, Kanpur before Special Chief Judicial Magistrate, Meerut under Section 211 read with Schedule VI of the Companies Act, 1956 for expressing the figures in the Annual Report for the year 2000-2001 in 'Rs. in Lacs with two decimal points' instead of 'Rs. in Thousands' without prior approval of Central Government. The case has since been decided by the said Court.

The Company has a risk management system and has laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

8. **MEANS OF COMMUNICATION:** Quarterly and annual financial results are normally published in English Newspaper "The Pioneer" all India editions and Hindi Newspaper "Swatantra Bharat" Kanpur edition and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the website of the company "www.umangdairies.com". "Management Discussion & Analysis" forms part of the Annual Report.

9. **GENERAL SHAREHOLDERS' INFORMATION:**

(i) **Annual General Meeting:**

- (a) Date and Time : Wednesday, 16th September, 2009 at 12.30 P.M.

Venue : Gajraula-Hasanpur Road
Gajraula, Distt. Jyotiba Phule Nagar
U.P.- 244 235

- (b) As required under clause 49IV(G), a brief resume and other particulars of the Directors retiring by rotation at the aforesaid AGM and seeking re-appointment are given in the notes to the Notice convening the said Meeting.

- (ii) **Book Closure:** 06.09.2009 to 16.09.2009 (both days inclusive)

- (iii) **Dividend Payment Date:** Not Applicable

(iv) **Financial Calendar (Tentative):**

- Year ending March 31
- Annual General Meeting Between June & September, 2010 for the year ending March 31, 2010

(v) **Listing of Equity Shares on Stock Exchanges (Including Security Code):**

The Equity Shares of the Company are listed on the following Stock Exchanges - Mumbai (500231), Uttar Pradesh (J00036), and Kolkatta (020037).

The Company had made an application for voluntary delisting of securities from the Uttar Pradesh Stock Exchange Association Limited on 15.10.2008. The matter is under consideration of the said Stock Exchange. The Company had also made an application for voluntary delisting of securities from Kolkatta Stock Exchange in March 2004. The matter is pending with the said Stock Exchange. In view of the same, listing fee for the year 2009-2010 has not been paid to the abovesaid two Stock Exchanges.

The Company had already paid Listing Fees for the year 2009-2010 to the Bombay Stock Exchange Ltd., Mumbai.

(vi) **Stock Market Price Data and Share Performance:**

Monthly high and low quotations at BSE during 2008-2009 are given in the table below:

Months (2008-2009)	Stock Exchange, Mumbai (BSE) (Rs.)		BSE Sensex
	High	Low	Close
April	8.80	7.00	17287.31
May	8.92	7.13	16415.57
June	8.98	6.21	13461.60
July	7.80	5.21	14355.75
August	6.95	5.36	14564.53
September	6.78	5.00	12860.43
October	6.57	3.00	9788.06
November	4.85	3.66	9092.72
December	5.25	4.00	9647.31
January	5.99	4.25	9424.24
February	5.97	4.76	8891.61
March	5.00	3.96	9708.50

(Source: www.bseindia.com)

(vii) **Share Transfer System:**

The transfer / transmission of shares in physical form is normally processed and completed within a period of 15-20 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

(viii) **Distribution of shareholding as on March 31, 2009:**

No. of Equity shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	18527	94.986	2289411	19.073
501 to 1000	498	2.553	439586	3.662
1001 to 5000	383	1.964	885029	7.374
5001 to 10000	47	0.241	334918	2.790
Over 10000	50	0.256	8054256	67.101
Total	19505	100.00	12003200	100.00

(ix) **Dematerialisation of shares and liquidity:**

The Equity Shares of the Company are presently tradeable in compulsory demat segment. The ISIN No. for Equity Shares of the Company for both the depositories is INE864B01019. As on 31st March 2009, 75.43% of the Company's Equity Share Capital was in dematerialised form.

In respect of Shares held in electronic form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

(x) **Outstanding GDRs / ADRs / Warrants or any other Convertible Instrument, conversion date and likely impact on equity:**

There are no outstanding GDRs/ ADRs/ Warrants or any

other Convertible Instruments. As such there will be no impact on the equity.

(xi) **Plant Location:**

Umang Dairies Limited
Gajraula- Hasanpur Road, Gajraula
Distt. Jyotiba Phule Nagar, U.P. - 244 235

(xii) **Address for Correspondence:**

1. **Registrar & Share Transfer Agents:**

MAS Services Limited
T-34, IInd Floor, Okhla Industrial Area
Phase – II, New Delhi – 110 020
Ph. 011-26387281/82/83
E-mail: mas_serv@yahoo.com

2. **Company Secretary**

Umang Dairies Limited
3rd Floor, Gulab Bhawan
6A, Bahadur Shah Zafar Marg
New Delhi – 110 002
Ph. 011-41011116
E-mail: umang@jkmil.com

10. **CODE FOR PREVENTION OF INSIDER TRADING:**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company has adopted a Code of Conduct for Prevention of Insider Trading in the securities of the Company by its employees in terms of Schedule I to the said Regulations.

11. **DECLARATION:**

This is to confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management adopted by the Board.

R.C. Periwal
Director

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

To the Members of Umang Dairies Limited

We have examined the compliance of conditions of Corporate Governance by Umang Dairies Limited during the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with, in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement. The Company's management has undertaken to provide information regarding dates of the forthcoming AGM and Book Closure, in the Notice convening the said meeting.

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Company, Shareholders/Investors Grievance Committee.

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

For LODHA & CO.,
Chartered Accountants
N.K. LODHA
Partner
(Membership No. 85155)

Place : New Delhi
Date : 27th May 2009



AUDITORS' REPORT

To the Members of UMANG DAIRIES LIMITED

We have audited the attached Balance Sheet of UMANG DAIRIES LIMITED, as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 & 5 of the said order.

2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) As per the information and explanations given to us, none of the Directors of the Company is disqualified as on 31st March 2009 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. *However, all Directors of the Company are disqualified to be*

appointed as Director in any other public Company;

- f) Attention is invited to:
 - i. Note No. B6 of Schedule 15 regarding preparation of accounts on going concern basis.
 - ii. Note No. B13 of Schedule 15 regarding management perception about recoverable amount of fixed assets of the Company as stated in said note.
 - iii. Note No. B16 of Schedule 15 regarding certain balances of Debtors, Loans & Advances, Creditors and other current liabilities (including advance from customers) and Secured Loans are in process of confirmation/reconciliation as stated in the said note.
- g) *Attention is further invited to Note No. B11 of Schedule 15 regarding non-provision of interest on Term Loans, Debentures and advance against debentures and penal interest/liquidated damages etc. thereon (amount unascertained) for the reasons stated in the said note.*

We further report that, the loss for the year, balance in the Profit & Loss account and respective assets and liabilities are without considering item mentioned in Para "(g)" above, the effect of which could not be determined.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.
Chartered Accountants
N.K. LODHA
Partner
(Membership No. 85155)

Place: New Delhi
Date : 27th May 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date of Umang Dairies Limited for the year ended 31st March 2009)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the Management according to a phased programme designed to cover all the items 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 Fixed Assets. The discrepancies noticed on such physical verification were not material.
- (c) As per the records and information and explanations given to us, Fixed Assets disposed off during the year were not substantial.
- ii. (a) The inventory of the Company (except stocks lying with third parties and in transit), has been physically verified by the Management at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory (In respect of stock in process records are updated on physical verification of stock on periodical basis). The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- iii. The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties as covered in the register maintained u/s 301 of the Act. Accordingly, the provisions of clause 4(iii) (b) to (d), (f) & (g) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is internal control system commensurate with the size of the Company and the nature of its business (read with note No. 3 of Schedule 15B) for purchases of inventory, 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 internal control system.
- v. According to the information and explanations provided by the management and based upon audit procedures performed, there are no contracts or arrangements that need to be entered in the register required to be maintained under Section 301 of the Act. Accordingly provisions of clause 4(v)(b) of the order are not applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA and rules framed thereunder and the directives issued by Reserve Bank of India and other relevant provision of the Act. We have been informed that no order has been passed by the Company Law Board or National Company law Tribunal or the Reserve bank of India or any Court or any other Tribunal in this regard.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of accounts required to be maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act in respect of the Company's product to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- ix. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess and other material Statutory dues to the extent applicable with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2009 *except Sales Tax of Rs. 2,33,677.*
- (b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Service Tax, Custom Duty, Wealth Tax and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of Sales Tax and Cess that have not been deposited with the appropriate authorities on account of dispute and the Forum where the dispute is pending are given below:



Name of Statute	Nature of the dues	Amount (Rs./Lacs)	Period	Forum where dispute is pending
Sales Tax Act	Sales Tax Demand/ Penalty Interest	1.78	1994-1995/ 1998-2000	Sales Tax Tribunal
		123.13	1995-2007	Appellate Authorities
		3.00	1995-1996	High Court
UP Krishi Utpadan Mandi Samiti Adhiniyam'1964	Market Fees including Development Cess	162.89	1998-1999/ 2005-2006	District Court
		6.23	1995-1996	District Court
UP Milk Act	Cess on Milk	69.25	1994-1996	High Court

x. *The Company's accumulated losses at the end of the financial year are more than 50% of its net worth. The Company has incurred cash losses in the current financial year and also in the immediately preceding financial year. This is to be read with Note No.B11 of Schedule 15 and Para 2(g) of our report in respect of which amount could not be ascertained by the management.*

xi. *In our opinion, on the basis of audit procedures and on the basis of information and explanations given to us, the Company has defaulted in re-payment of dues to Bank, Financial Institutions and Debenture Holders. The overdue principal amount of term loan from bank (now body corporate refer note no. B17 of Schedule 15) is Rs.87.50 Lacs for 4 years, Rs. 87.50 Lacs for 3 years, Rs. 87.50 Lacs for 2 years and Rs.87.50 Lacs for 1 year and 6 days and interest thereon (provided upto March 2002) is Rs.49.04 Lacs. The overdue principal amount of term loan from financial institution is Rs.56.77 Lacs for 7 years and interest thereon (provided upto March 2002) is Rs.7.37 Lacs. In respect of debenture holders the overdue principal amount is Rs.150.00 Lacs for 5 years, Rs.219.49 Lacs for 6 years, Rs.219.48 Lacs for 7 years, and Rs.219.48 Lacs for 8 years and interest thereon (provided upto March 2001) is Rs.74.05 Lacs. In respect of Advance against Debentures overdue interest (provided upto March 2002) is Rs.82.65 Lacs and Principal amount Rs.137.50 Lacs for 4 years, Rs. 137.50 Lacs for 3 years and Rs. 137.50 Lacs for 2 years and Rs.137.50 Lacs for 1 year 70 days (if the debentures would have been issued).*

This is to be read with Note no. B11 of Schedule 15 regarding non-provision of interest on Term Loans, Debentures and advance against debentures and penal interest/liquidated damages etc. thereon in respect of which amount could not be ascertained by the management and Note no.B16 of Schedule 15 regarding non reconciliation & confirmation of the same with financial institutions and body corporates.

- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society, therefore, the provision of clause 4 (xiii) of the said order are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. On the basis of information and explanations given to us, the Company has not availed any term loans during the year.
- xvii. On the basis of information and explanations given to us and on an overall examination of financial statements read with note no. B14 of Schedule 15, we are of the opinion that, *prima facie*, no funds raised on short term basis have been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Act during the year.
- xix. Based on the examination of the documents and records made available and information and explanations given to us, the Company has not issued any debentures during the year. However advance against Non Convertible Debentures received in earlier years is pending for allotment. This is to be read with note (b) of Schedule 2.
- xx. The Company has not raised money through public issue during the year.
- xxi. Based on the audit procedures performed and on the basis of information and explanations provided by the management, no fraud on or by the Company has been noticed or reported during the course of our audit nor we have been informed about any such instance.

For LODHA & CO.
Chartered Accountants
N.K. LODHA
Partner

Place: New Delhi
Date : 27th May 2009

(Membership No. 85155)

BALANCE SHEET
As at 31st March, 2009

(Rs. in Lacs)

	Schedule	31st March 2009	31st March 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	1559.32	1559.32
Loans			
Secured	2	1978.34	1978.34
Unsecured from Bodies Corporate		193.00	193.00
		<u>2171.34</u>	<u>2171.34</u>
	Total	<u>3730.66</u>	<u>3730.66</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		2863.25	2876.35
Less : Depreciation		1788.44	1670.50
Net Block		1074.81	1205.85
Capital Work in Progress (including Advances)		543.40	253.41
	3	<u>1618.21</u>	<u>1459.26</u>
Current Assets, Loans and Advances			
Inventories	4	360.40	455.79
Sundry Debtors	5	88.23	118.88
Cash and Bank Balances	6	79.51	85.68
Loans and Advances	7	182.47	182.70
		710.61	843.05
Less : Current Liabilities and Provisions	8	1797.24	1513.54
Net Current Assets		<u>(1086.63)</u>	<u>(670.49)</u>
Profit and Loss Account (Balance as per Annexed Profit & Loss Account)		3199.08	2941.89
	Total	<u>3730.66</u>	<u>3730.66</u>
Notes on Accounts	15		

Schedules 1 to 8 and 15 attached to the Balance Sheet are an integral part thereof.

As per our report of even date.

for LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

New Delhi, the 27th May 2009

Manager

Company Secretary

D.B. Doda
R. C. Jain
R. C. Periwal
R. L. Saha

Directors



PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2009

(Rs.in Lacs)

	Schedule	2008-2009	2007-2008
INCOME			
Sales		3212.94	3462.45
Other Income	9	131.43	282.61
		<u>3344.37</u>	<u>3745.06</u>
Increase/(Decrease) in Stocks	10	(118.63)	280.20
		<u>3225.74</u>	<u>4025.26</u>
EXPENDITURE			
Manufacturing Expenses	11	2945.63	3622.87
Employees	12	196.93	189.42
Other Expenses	13	180.62	161.08
		<u>3323.18</u>	<u>3973.37</u>
PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION AND AMORTIZATION		(97.44)	51.89
Cost of Borrowings	14	25.52	25.83
		<u>(122.96)</u>	<u>26.06</u>
PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTIZATION		(122.96)	26.06
Depreciation		127.46	127.20
		<u>(250.42)</u>	<u>(101.14)</u>
PROFIT/(LOSS) BEFORE TAX		(250.42)	(101.14)
Fringe Benefit Tax		2.99	2.55
NET PROFIT/(LOSS)		(253.41)	(103.69)
Prorata Premium on Preference Shares		3.78	15.10
		<u>(257.19)</u>	<u>(118.79)</u>
(Deficit) for the year		(257.19)	(118.79)
(Deficit) from Previous Year		(2941.89)	(2823.10)
(Deficit) carried to Balance Sheet		(3199.08)	(2941.89)
		<u>(2.14)</u>	<u>(0.99)</u>
Basic/Diluted Earning Per Share (Rs.) - refer note no. 18		(2.14)	(0.99)

Notes on Accounts

15

Schedules 9 to 14 and 15 attached to the Profit and Loss Account are an integral part thereof.

This is the Profit and Loss Account referred to in our report of even date.

for LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

New Delhi, the 27th May 2009

Manager

Company Secretary

D.B. Doda
R. C. Jain
R. C. Periwal
R. L. Saha

Directors

(Rs. in Lacs)

	31st March 2009	31st March 2008
--	--------------------	--------------------

Schedule 1**SHARE CAPITAL****Authorised :**

1,50,00,000 Equity Shares of Rs. 10 each	1500.00	1500.00
6,00,000 Redeemable Preference Shares of Rs. 100 each	600.00	600.00
	<u>2100.00</u>	<u>2100.00</u>

Issued, Subscribed and Paid-up :

1,20,03,200 Equity Shares of Rs. 10 each	1200.32	1200.32
3,59,000 Redeemable Preference Shares of Rs. 100 each	359.00	359.00
	<u>1559.32</u>	<u>1559.32</u>

Zero Coupon Preference Shares are redeemable at a premium of Rs. 50/- each after 5 years from the respective date of allotment i.e. 20-10-01 (For 2,08,000 Preference Shares) and 30-06-03 (For 1,51,000 Preference Shares). However, the Company has an option to redeem the same after 2 years from the date of allotment. In the absence of adequate profit, the Company has not been able to redeem the due amount of Zero Coupon Preference Shares.

Schedule 2**SECURED LOANS**

15% Partly Convertible Debentures (PCD) (Non-convertible portion)	621.28	621.28
18.5% Non-convertible Debentures (NCD)	101.18	101.18
15% Non-convertible Debentures (NCD)	160.04	160.04
Advance against Non Convertible Debentures (NCD)	632.65	632.65
Term Loan	399.04	399.04
Housing Loan	64.14	64.14
	<u>1978.34</u>	<u>1978.34</u>

Notes :

- (a) (i) 15% PCD (Non Convertible Portion), 18.5% NCD and 15% NCD are secured by pari passu charge by way of mortgage on all immovable assets of the Company both present and future except specific immovable assets mortgaged to GIC Housing Finance Ltd. and hypothecation of movables (save and except book debts).
- (ii) 15% PCD (Non Convertible portion) (including interest Rs. 62.83 Lacs) were redeemable at par in three equal instalments of Rs. 5/- each on the expiry of the sixth, seventh and eighth year from the date of allotment, i.e., on 1.10.1994.
- (iii) 18.5% NCD (including interest Rs. 1.18 Lacs) were redeemable at par in three equal instalments of Rs. 33.33 each on the expiry of the 6th, 7th & 8th year from the date of allotment, i.e., on 03.03.1995.
- (iv) 15% NCD (including interest Rs.10.04 Lacs) were redeemable on 20.01.2004.
- (b) Advance against NCD (including interest Rs. 82.65 Lacs) from Financial Institution (now Body Corporate refer note no.17 of schedule 15) and Term Loan (including interest of Rs. 49.04 Lacs) from Bank (now Body Corporate refer



note no. 17 of schedule 15) is secured by way of hypothecation of all the movable properties of the Company (save and except book debts), both present and future. Security by way of pari passu charge on immovable properties, except specific immovable assets mortgaged to GIC Housing Finance Ltd., charge is to be created.

- (c) Housing loan (including interest Rs. 7.37 Lacs) is secured by way of Mortgage on specified dwelling units and land.
 (d) Charges in respect of Working Capital facilities from banks availed in earlier years are in process of satisfaction.

Schedule 3

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions	Sales/ Adjustments	As at 31.03.2009	Upto Last Year	For the Year	Sales/ Adjustments	To Date	As at 31.03.2009	As at 31.03.2008
Land	35.83	0.00	0.00	35.83	0.00	0.00	0.00	0.00	35.83	35.83
Buildings	764.81	0.00	0.00	764.81	268.59	20.57	0.00	289.16	475.65	496.22
Plant and Machinery	1969.04	0.00	9.50	1959.54	1316.99	103.54	6.55	1413.98	545.56	652.05
Furniture & Fixtures	38.19	0.35	0.40	38.14	32.30	1.24	0.12	33.42	4.72	5.89
Office Equipments	58.07	0.54	0.00	58.61	48.43	1.28	0.00	49.71	8.90	9.64
Vehicles	10.41	0.00	4.09	6.32	4.19	0.83	2.85	2.17	4.15	6.22
Total	2876.35	0.89	13.99	2863.25	1670.50	127.46	9.52	1788.44	1074.81	1205.85
Previous Year	2867.72	15.81	7.18	2876.35	1545.46	127.20	2.16	1670.50	1205.85	1322.26
Capital Work in Progress*	253.41	289.99	0.00	543.40	0.00	0.00	0.00	0.00	543.40	253.41

*Includes advances of Rs.25.18 Lacs (Previous Year Rs. 38.36 Lacs) and pre-operative expenses (refer note no. B13 of Schedule 15)

(Rs. in Lacs)

31st March
2009

31st March
2008

Schedule 4

INVENTORIES

(As certified by the Management)

Raw materials	3.83	2.51
Stores, Spares and Packing material	113.32	91.40
Finished Goods	234.76	335.10
Stock-in-Process	8.49	26.78
	<u>360.40</u>	<u>455.79</u>

Schedule 5

SUNDRY DEBTORS

(Unsecured, considered good)

Exceeding six months	7.31	12.02
Other Debts	84.89	118.70
	<u>92.20</u>	<u>130.72</u>
Less: Provisions for Doubtful Debts	3.97	11.84
	<u>88.23</u>	<u>118.88</u>

(Rs. in Lacs)

	31st March 2009	31st March 2008
Schedule 6		
CASH AND BANK BALANCES		
Cash on hand	10.11	4.35
Remittance in Transit/Cheque in Hand	6.00	13.04
Balance in Current Accounts with Scheduled Banks:	55.84	48.13
Others (Prathma Bank- Maximum amount outstanding during the year Rs.30.98 Lacs and previous year Rs.49.32 Lacs)	1.87	6.27
Fixed Deposits	5.69	13.89
Rs. 4.69 Lacs(Previous year Rs.13.89 Lacs) Pledged with Banks against Bank Guarantee		
Rs. 1.00 Lacs (Previous year Rs.Nil) Pledged with Moradabad Development Authority		
	<u>79.51</u>	<u>85.68</u>
Schedule 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Deposits with Government Authorities and others	50.61	50.61
Advances recoverable in cash or in kind or for value to be received	114.28	117.28
Income Tax Advance payment (TDS)	17.58	14.81
	<u>182.47</u>	<u>182.70</u>
Schedule 8		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES :		
Sundry Creditors (Note No.3)	296.23	249.14
Other liabilities	1284.91	1052.16
Interest accrued but not due on loans	0.00	3.53
Investor Education & Protection Fund shall be credited by the following amounts, when due:		
(a) Unpaid matured debentures	0.98	1.78
(b) Interest accrued on (a)	0.24	1.42
Total (A)	<u>1582.36</u>	<u>1308.03</u>
B. PROVISIONS :		
For Retirement Benefits	35.38	29.75
For Fringe Benefit Tax (net)	0.00	0.04
For Premium on Redemption of Preference Shares	179.50	175.72
Total (B)	<u>214.88</u>	<u>205.51</u>
Total (A+B)	<u>1797.24</u>	<u>1513.54</u>



(Rs.in Lacs)

2008-2009

2007-2008

Schedule 9

OTHER INCOME

Interest on Deposit	2.57	1.40
(TDS Rs 0.44 Lacs Previous year Rs.0.20 Lacs)		
Profit on Sale of Fixed Assets	2.87	0.00
Excess Provision of earlier years no longer required(net)	0.67	0.02
Provision for Doubtful Debts Written Back	5.00	0.00
Balances Written Back (net)	2.50	0.28
Conversion/Job charges	105.75	264.88
Miscellaneous Income	12.07	16.03
	<u>131.43</u>	<u>282.61</u>

Schedule 10

INCREASE/(DECREASE) IN STOCKS

Opening Stocks		
Stock-in-process	26.78	0.00
Finished Goods	335.10	81.68
	<u>361.88</u>	<u>81.68</u>
Closing Stocks		
Stock-in-process	8.49	26.78
Finished Goods	234.76	335.10
	<u>243.25</u>	<u>361.88</u>
Increase/(Decrease) in Stocks	<u>(118.63)</u>	<u>280.20</u>

Schedule 11

MANUFACTURING EXPENSES

Raw materials consumed	2668.61	3212.79
Consumption of Stores and Spares	114.80	152.16
Power, Fuel and Water	156.37	249.11
Repairs to Machinery	4.78	7.05
Repairs to Buildings	1.07	1.76
	<u>2945.63</u>	<u>3622.87</u>

Schedule 12

EMPLOYEES

Salaries, Wages, Bonus, Gratuity, etc.	181.32	174.05
Contribution to Provident and Other Funds	11.98	11.49
Employees' Welfare and Other Benefits	3.63	3.88
	<u>196.93</u>	<u>189.42</u>

(Rs.in Lacs)

2008-2009

2007-2008

Schedule 13

OTHER EXPENSES

Insurance	3.16	6.28
Rent	5.62	5.67
Freight and Forwarding charges	47.72	45.19
Directors' Fee	0.29	0.24
Rates and Taxes	8.50	3.46
Travelling & Conveyance	13.01	13.95
Advertisement and Sales promotion	2.44	1.36
Brokerage and Commission	21.62	17.54
Loss on Sale of Fixed Assets	0.77	1.88
Miscellaneous Expenses	77.49	65.50
	<u>180.62</u>	<u>161.08</u>

Schedule 14

COST OF BORROWINGS

Interest on:

Unsecured Loans	23.16	23.05
Others	2.36	2.78
	<u>25.52</u>	<u>25.83</u>

Schedule 15

NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. Fixed Assets are stated at cost of acquisition/purchase.
2. Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plants as defined in Schedule XIV have been considered on the basis of technical evaluation.
3. Foreign Currency transactions are recorded at the rate of exchange prevailing on the date of transactions. Assets and Liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. Increase / decrease arising in respect thereof are adjusted in the Profit and Loss Account. Premium/discount in respect of forward contracts is recognised over the life of the Contracts.
4. Inventories are valued at lower of cost and net realisable value. The cost is computed on weighted average basis. Cost for the purpose of Finished Goods and Process Stock is determined considering material, labour and related overheads.
5. Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing costs are charged to P&L Account.
6. Revenue Expenditure on Research and Development is charged to Profit & Loss Account and Capital Expenditure is added to cost of Fixed Assets.

**Schedule 15 (Contd...)****7. Employee Benefits:****I. Defined Contribution Plan:**

Employee benefits in the form of Provident Fund, ESI are considered as defined contribution plan and the contributions are recognised in the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective authorities.

II. Defined Benefit Plan:

Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of actuarial valuation determined using the projected unit credit method, as at the date of the balance sheet. Actuarial gains/losses are immediately recognised in the Profit and Loss Account.

III. Short-term compensated absences are provided based on past experience of leave availed.

8. Current Tax is the amount of Tax payable on the estimated taxable income for the current year as per the Provision of Income Tax Act, 1961. Deferred Tax Assets is recognised on the basis of reasonable/virtual certainty that sufficient future taxable income will be available against which the same can be realised.

B. Notes on Accounts

1. Contingent liabilities in respect of claims disputed/not accepted and not provided for is Rs.396.80 Lacs (previous year Rs.417.73 Lacs). Details thereof are, Sales tax Rs.136.27 Lacs (previous year Rs.157.20 Lacs), Mandi fee (U.P.) Rs.187.89 Lacs (previous year 187.89 Lacs), Milk Cess (U.P.) Rs. 69.25 Lacs (previous year Rs. 69.25 Lacs) and Income tax Rs. 3.39 Lacs (previous year Rs.3.39 Lacs).Interest impact on above, if any, will be considered as and when arise.
2. In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally settled.
3. The Company is in the process of compiling the additional information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The management is currently in the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of micro, small and medium enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such micro, small and medium enterprises as at 31st March 2009 (including interest payable, if any to them) has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
4. In view of deficit in Profit & Loss Account, the required Debenture Redemption Reserve has not been created.
5. Research and Development expenditure amounting to Rs. 0.15 Lacs (previous year Rs. 0.13 Lacs) has been debited to Profit and Loss account.
6. The Accounts have been prepared on the basis of 'Going Concern Concept' despite negative net worth as on 31.03.2009 in view of Draft Rehabilitation Scheme submitted to Operating Agency appointed by the Board for Industrial and Financial Reconstruction. Refer note no. 17 herein below.

Schedule 15 (Contd...)

7. EMPLOYEE BENEFITS:

(a) The status of the gratuity and leave encashment as per actuarial valuation on March 31, 2009 is as follows:
(Rs. in Lacs)

		For the year ended 31st March 2009		For the year ended 31st March 2008	
		Gratuity (Non- Funded)	Leave Encashment (Non- Funded)	Gratuity (Non- Funded)	Leave Encashment (Non- Funded)
I	Expense recognized in the statement of Profit and Loss				
a)	Current service cost	2.92	2.72	2.45	1.99
b)	Interest cost	1.43	0.66	1.50	0.65
c)	Net actuarial (gain)/ loss recognized in the period	1.78	1.96	3.12	0.22
d)	Expenses recognized in the statement of profit & losses	6.13	5.34	7.07	2.86
II	Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2009				
a)	Present value of obligation as at the end of the period	23.16	12.22	20.35	9.39
b)	Net Asset/(Liability) recognized in balance sheet	(23.16)	(12.22)	(20.35)	(9.39)
III	Change in present value of obligation				
a)	Present value of obligation as at the beginning of the period (01/04/2008)	20.35	9.39	18.72	8.16
b)	Interest cost	1.43	0.66	1.50	0.65
c)	Current service cost	2.92	2.72	2.45	1.99
d)	Benefits paid	(3.32)	(2.51)	(5.44)	(1.63)
e)	Actuarial (gain)/loss on obligation	1.78	1.96	3.12	0.22
f)	Present value of obligation as at the end of Period (31/03/2009)	23.16	12.22	20.35	9.39
IV	Changes in the fair value of plan assets	-	-	-	-
V	The Major Category of Plan assets as a percentage to total plan	N.A.	N.A.	N.A.	N.A.
VI	Actuarial Assumptions Economic Assumptions: Discounting Rate Future salary Increase Expected Rate of return on plan assets Demographic Assumptions: Retirement Age Mortality Table Withdrawal Rates	7.00% 5.00% -	8.00% 5.50% -	58 Years LIC (1994-96) duly modified	58 Years LIC (1994-96) duly modified
	Age	Withdrawal Rate (%)		Withdrawal Rate (%)	
	Up to 30 Years	3.00		3.00	
	Up to 44 Years	2.00		2.00	
	Above 44 Years	1.00		1.00	



Schedule 15 (Contd...)

- (b) (i) **Defined Benefits Plans**
 Amounts recognised as an expense and included in Schedule 12: Item "Salaries, Wages, Bonus, Gratuity etc." included Rs.6.13 Lacs (previous year Rs. 7.07 Lacs) for Gratuity & Rs. 5.34 Lacs (previous year Rs. 2.86 Lacs) for Leave Encashment;
 Item "Contribution to PF & Other Funds" is Rs. 4.59 Lacs (previous year Rs. 3.75 Lacs) for PF (funded).
- (ii) **Defined Contribution Plans**
 Amounts recognised as an expense and included in Schedule 12 "Contribution to PF & Other Funds" of profit & loss account is Rs. 7.39 Lacs (previous year Rs. 7.74 Lacs).
- (c) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (d) Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability.
8. Since the Company has substantial carried forward business losses and unabsorbed depreciation, it is unlikely to have taxable profits in near future and hence it is not considered necessary to create deferred tax assets (net) in accordance with the Accounting Standard – 22 issued by the Institute of Chartered Accountants of India.
9. The Company has only one business segment, i.e., Dairy Products, hence segment reporting as defined in Accounting Standard – 17 is not applicable.
10. Balances Written Back under Other Income are net of balances written off amounting to Rs. 0.18 Lacs (previous year Rs. Nil).
11. Interest on Term Loans, Debentures & advance against debentures and penal interest / liquidated damages etc. thereon has not been provided since the matter is pending with BIFR for finalisation of Rehabilitation Scheme (amount unascertained).
12. Conversion charges under Other Income represent income on account of contract manufacturing activities undertaken during the year.
13. As stipulated in Accounting Standard on Impairment of Assets (AS - 28) the Management has carried out review of the remaining useful lives of its Fixed Assets and its value in use. As the recoverable amount as per projections exceeds the carrying amount, no impairment has been provided for in the Accounts.
14. (i) Capital Work in Progress represents building under construction under an agreement to transfer subject to BIFR approval, pending which the total cost has been funded by the other party and included in "Other Liabilities".
- (ii) Capital Work in Progress includes building under construction, advance to suppliers and pre-operative expenses pending capitalization. Pre-operative expenses pending capitalization are as follows:

	2008-2009	(Rs. in Lacs) 2007-2008
Power	1.84	0.27
Salaries & Wages	14.40	3.44
Fees for Technical Assistance	2.99	1.25
Travelling & Conveyance	3.31	0.93
Miscellaneous Expenses	1.72	0.39
	24.26	6.27

Schedule 15 (Contd...)

15. Loans and Advances include loan to employees of Rs. 0.21 Lacs (previous year Rs. 0.72 Lacs) in the ordinary course of business and as per service rules of the Company. Maximum amount outstanding during the year Rs. 1.16 Lacs (previous year Rs. 1.00 Lacs). There has been bad debts of Rs. 2.87 Lacs out of Provision for Doubtful Debts (previous year Rs. Nil)
16. Balances of certain Debtors, Loans & Advances, Creditors, and Other Current Liabilities (including Advance from Customers) and Secured Loans are in the process of confirmation/reconciliation.
17. (i) During the previous year, 15% Partly Convertible Debentures (Non Convertible Portion) and 15% Non Convertible Debentures of the Company held by Mutual Funds/Body Corporate had been transferred by them to other Body Corporate and Term Loan from Bank had been assigned by it to other Body Corporate, under debt purchase agreement.
- (ii) During the year, Advance against Non Convertible Debentures from Financial Institution has been assigned by it to other Body Corporate, under debt purchase agreement.
18. Basic and Diluted Earnings per Share (Pursuant to Accounting Standard - 20):

	<u>2008-2009</u>	<u>2007-2008</u>
(Deficit) for the year (Rs./Lacs)	(257.19)	(118.79)
Weighted average number of equity shares (Nos.)	12003200	12003200
Nominal value of equity shares (Rs.)	10	10
Basic Earning per Share (Rs.)	(2.14)	(0.99)
Diluted Earning per Share (Rs.)	(2.14)	(0.99)

19. Amount paid to Auditors:
(Including Service Tax)

	<u>2008-2009</u>	<u>2007-2008</u>
		(Rs. in Lacs)
Audit Fees	1.33	1.35
Tax Audit Fees	0.17	0.17
Other Services	0.34	0.39
Reimbursement of expenses	0.06	0.10
	<u>1.90</u>	<u>2.01</u>

20. As per Accounting Standard - 18 "Related Party Disclosure" there is no related party identified during the year. Hence, there is no related party transaction during the year which needs to be disclosed.
21. Estimated amount of contracts remaining to be executed on capital account Rs. 179.31 Lacs (previous year figure 341.30 Lacs), { net of advances Rs.25.18 Lacs (previous year Rs. 38.36 Lacs)}.



Schedule 15 (Contd...)

22. Particulars of Capacity, Production, Sales and Stock:

Installed Capacity (as certified by the Management) : 3 Lac Litres of milk processing per day. Capacity for end products will vary depending on the product mix.

Particulars	Unit	Ghee #		Powders		Liquid Milk	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Opening Stock	MT	68.46	20.70	186.41	49.61	—	—
	Rs./Lacs	93.53	24.52	241.57	57.16	—	—
Production@	MT/KL	297.59	377.96	680.84	667.43	10493.14	14829.02*
Sales	MT/KL	348.45	330.20	681.96	530.63	10493.14	14829.02
	Rs./Lacs	556.19	469.54	947.48	714.02	1709.27	2278.89
Closing Stock	MT	17.60	68.46	185.29	186.41	—	—
	Rs./Lacs	30.18	93.53	204.58	241.57	—	—

* Purchased during the year.

Ghee includes Butter.

@ Excluding contract manufacturing of Butter 135.60 MT (previous year 747.84 MT) and Powders 186.45 MT (previous year 1289.17 MT).

23. Particulars of Raw Materials, Stores & Spares consumed:

			(Rs. in Lacs)	
			2008-2009	2007-2008
Raw material (Indigenous – 100%)				
- Raw Milk	Lac Litres		165.00	209.99
	Rs./Lacs		2637.14	3188.31
- Others	Rs./Lacs		31.47	24.48
Stores & Spares				
- Indigenous	Rs./Lacs		111.02	152.16
- Imported	Rs./Lacs		3.78	Nil

24. Other Particulars:

Expenditure/Earnings in Foreign Currency

(a) Earnings in Foreign Currency

(b) C.I.F. Value of Imports:

Components and Spare Parts

3.04

25. Previous Year's figures have been re-grouped / re-arranged / re-cast wherever necessary.

As per our report of even date.

for LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

New Delhi, the 27th May 2009

Manager

Company Secretary

D.B. Doda
R. C. Jain
R. C. Periwai
R. L. Saha

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009	2007-2008
(Rs.in Lacs)		
<hr/>		
A. Cash Flow from Operating Activities		
Net Loss(-) before taxation and extraordinary items	(250.42)	(101.14)
Adjustments for :		
Depreciation	127.46	127.20
Interest income	(2.57)	(1.40)
Interest & Finance Charges	25.52	25.83
(Profit)/Loss on sale of Fixed Assets (net)	(2.10)	1.88
Operating Profit before Working Capital changes	<u>(102.11)</u>	<u>52.37</u>
(Increase)/ Decrease in Sundry Debtors	30.65	(48.27)
(Increase)/ Decrease in Inventories	95.39	(270.40)
(Increase) / Decrease in Loans & Advances	0.23	(26.30)
Increase/ (Decrease) in Trade and Other Payables	<u>283.45</u>	<u>582.97</u>
Cash Generated from Operations	307.61	290.37
Direct Tax paid (Fringe Benefit Tax)	<u>(2.99)</u>	<u>(2.55)</u>
Net Cash from Operating Activities	<u>304.62</u>	<u>287.82</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(0.89)	(15.81)
Capital Work in Progress	(289.99)	(253.41)
Proceeds from sale of Fixed Assets	6.57	3.14
Interest Received	<u>2.57</u>	<u>1.40</u>
Net Cash from Investing Activities	<u>(281.74)</u>	<u>(264.68)</u>
C. Cash Flow from Financing Activities		
Repayment of short term borrowings	-	(12.16)
Interest paid	<u>(29.05)</u>	<u>(23.36)</u>
Net Cash used in Financing Activities	<u>(29.05)</u>	<u>(35.52)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(6.17)	(12.38)
Cash and Cash equivalents being Cash and Bank balances as at the beginning of the year	<u>85.68</u>	<u>98.06</u>
Cash and Cash equivalents being Cash and Bank balances as at the end of the year	<u>79.51</u>	<u>85.68</u>

Note : Previous Year's figures have been re-grouped / re-arranged / re-cast wherever necessary.

for LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

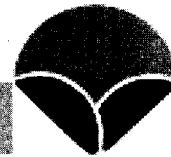
New Delhi, the 27th May 2009

Manager

Company Secretary

D.B. Doda
R. C. Jain
R. C. Periwal
R. L. Saha

Directors



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT 1956

I. Registration Details			
Registration No.	20-14942		
State Code	20		
II. Capital Raised during the Year/Period			
	(Rs. in Thousands)		
	<u>31st March</u>	<u>31st March</u>	
	<u>2009</u>	<u>2008</u>	
Public Issue	-	-	
Rights Issue	-	-	
Private Placement	-	-	
III. Position on Mobilisation and Deployment of Funds			
Total Liabilities	552790	524420	
Total Assets	552790	524420	
SOURCE OF FUNDS			
Paid-up Capital	155932	155932	
Reserves & Surplus	-	-	
Secured Loans	197834	197834	
Unsecured Loans	19300	19300	
APPLICATION OF FUNDS			
Net Fixed Assets	161821	145926	
Investments	-	-	
Net Current Assets	(108663)	(67049)	
Miscellaneous Expenditure	-	-	
Accumulated Losses	319908	294189	
IV. PERFORMANCE OF THE COMPANY			
Turnover including Other Incomes	334437	374506	
Total Expenditure	359857	386130	
Profit/(Loss) before Tax	(25420)	(11624)	
Profit/(Loss) after Tax	(25719)	(11879)	
Earning per Share (Rs.)	(2.14)	(0.99)	
Dividend Rate (%)	-	-	
V. GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY (AS PER MONETARY TERMS)			
	<u>Principal Product</u>	<u>Item Code No.</u>	
	Ghee	40500.03	40500.03
	Powders	040210.01	040210.01
		and 040229.09	and 040229.09

for LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

New Delhi, the 27th May 2009

Manager

Company Secretary

D.B. Doda
R. C. Jain
R. C. Periwal
R. L. Saha

Directors

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

- (a) **Energy Conservation**
Recommendations arising out of the Energy audit of the Plant are being implemented wherever possible.
- (b) **Research & Development and Technology Absorption**
Activities pertaining to product development were continued.
The Company spent Rs. 0.15 Lacs on R&D during the year.
- (c) **Foreign Exchange Earnings and Outgo**

(Rs.in Lacs)
Nil
3.04

- (d) **Particulars of Conservation of Energy**

A. **Power & Fuel Consumption:**

	<u>2008-2009</u>	<u>2007-2008</u>
1. ELECTRICITY:		
a) Purchased Units (Kwh in Lacs)	14.87	22.27
Total Amount (Rs./Lacs)	70.07	93.38
Rate per Unit (Rs.)	4.71	4.20
b) Own Generation		
Through Diesel Generators		
Units (Kwh in Lacs)	0.87	1.23
Total Amount (Rs./Lacs)	8.89	10.87
Unit per litre of Diesel Oil	3.35	3.32
Cost / Unit (Rs.)	10.24	8.84
2. FUEL:		
a) <u>Paddy Husk</u>		
Quantity (MT)	1805.93	3225.52
Total Amount (Rs./Lacs)	48.95	78.83
Rate / Unit (Rs./MT)	2710.54	2444.04
b) <u>Furnace Oil</u>		
Quantity (KL)	121.96	265.36
Total Amount (Rs./Lacs)	28.04	64.86
Rate / Unit (Rs./KL)	22987.67	24442.26

B. **Consumption per Unit of production**

* (Units per Thousand Kg. of Milk Processed).

Electricity (Kwh)	188.10	110.27
<u>Fuel</u>		
Paddy Husk (Kg.)	215.78	151.33
Furnace Oil (Ltr.)	14.57	12.45

- * All Milk Powders and Pure Ghee have common manufacturing process and it is not possible to give separate consumption of Electricity and Steam for these products. Therefore, consumption of Electricity and Fuel has been given per thousand Kg. of milk processed. Higher consumption per unit of production is mainly because of lower milk processing during the year.

UMANG DAIRIES LIMITED

Registered Office : Gajraula- Hasanpur Road, Gajraula, Distt. Jyotiba Phule Nagar (U.P.)

PROXY

I/We
of
member/members of Umang Dairies Limited hereby appoint
..... of
or failingof
or failingof
as my/our proxy to attend and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Wednesday, the 16th September, 2009 at 12.30 P.M. and at any adjournment thereof.

Signed This day of 2009

Affix
15 paise
Revenue
Stamp

Registered Folio Number Signature

Note : The proxy from must be deposited at the Registered Office of the Company at Gajraula-Hasanpur Road, Gajraula, Distt. Jyotiba Phule Nagar, (U.P.), not less than 48 hours before the time for holding the meeting.

UMANG DAIRIES LIMITED

Registered Office : Gajraula- Hasanpur Road, Gajraula, Distt. Jyotiba Phule Nagar (U.P.)

ADMISSION SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the 16th Annual General Meeting of the Company being held at Gajraula-Hasanpur Road, Gajraula, Distt. Jyotiba Phule Nagar, (U.P.) on Wednesday, the 16th September, 2009 at 12.30 P.M.

NAME OF THE MEMBER
(In Block Letters)

NAME OF THE PROXY - HOLDER

SIGNATURE OF THE MEMBER/PROXY-HOLDER

Member's Folio Number No. of Shars held

Note : Members/Proxy holders wishing to attend the meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.

BOOK - POST



IF UNDELIVERED PLEASE RETURN TO:

UMANG DAIRIES LIMITED

GULAB BHAWAN, 3RD FLOOR, 6A, BAHADUR SHAH ZAFAR MARG

NEW DELHI - 110 002