

# MILKFOOD LIMITED

**Annual Report**  
for the year ended 31st March, 2010

**milkfood**

## **BOARD OF DIRECTORS**

DR. UMESH N. SAXENA (Managing Director)

ASHA GADI

AMARJEET KAPOOR

SURESH ALIPURIA

KEWAL KRISHAN KOHLI

## **AUDITORS**

R.N. Bahl & Co.

Chartered Accountants

New Delhi

## **BANKERS**

State Bank of Patiala

Canara Bank

HDFC Bank

## **REGISTERED OFFICE**

Bahadurgarh

Distt. Patiala-147021

(Punjab)

## **WORKS**

Bahadurgarh

Distt. Patiala-147021

(Punjab)

Village Agwanpur

Kanth Road,

Moradabad-244001

(Uttar Pradesh)

## **HEAD OFFICE**

Bhandari House

91, Nehru Place

New Delhi-110019

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## NOTICE

**NOTICE** is hereby given that the Thirty Seventh 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 Wednesday, the 29<sup>th</sup> September, 2010 at 9.30 a.m. to transact the following business:

### ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010, Profit and Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.
- (2) To appoint a Director. Mrs. Asha Gadi retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment.
- (3) To appoint Auditors and fix their remuneration. M/s R.N. Bahl & Co., Chartered Accountants, the Auditors, retire and being eligible, offer themselves for re-appointment.

**Dated: 11<sup>th</sup> August, 2010**

**By Order of the Board**

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

(Dr. Umesh N. Saxena)  
Managing Director

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. The Register of Members and the Transfer Books of the Company will remain closed on 29<sup>th</sup> September, 2010 for the purpose of Annual General Meeting.
3. Members are requested to intimate changes, if any, in their addresses to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical share folios to the Registrar and Share Transfer Agent of the Company at Alankit Assignments Ltd., RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055, or to the Company at 5<sup>th</sup> Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.



# MILKFOOD LIMITED

Registered Office : Bahadurgarh Distt. Patiala-147 021 (Punjab)

DP ID	
Client ID	

## ATTENDANCE SLIP

Folio No.	
No. of Shares held	

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. Joint Shareholders may obtain additional attendance slip at the entrance.

I hereby record my presence at the 37th ANNUAL GENERAL MEETING at Bahadurgarh, Distt. Patiala on Wednesday, the 29th September, 2010.

SIGNATURE OF THE MEMBER OR PROXY \_\_\_\_\_

NAME OF MEMBER OR PROXY \_\_\_\_\_



# MILKFOOD LIMITED

Registered Office : Bahadurgarh Distt. Patiala-147 021 (Punjab)

DP ID	
Client ID	

## PROXY

Folio No.	
-----------	--

I/We \_\_\_\_\_

of \_\_\_\_\_ being

a Member/Members of MILKFOOD LIMITED hereby appoint Mr./Ms. \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him/her Mr./Ms. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her Mr./Ms. \_\_\_\_\_

of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on 29th September, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signed by the said \_\_\_\_\_

NOTE (1) The Proxy must be deposited at the Registered Office of the Company at Bahadurgarh, Distt. Patiala, not less than 48 hours before the time for holding the meeting.

(2) Shareholders are requested to forward their queries on the accounts of the Company for the period ended 31st March, 2010 to the Registered Office of the Company at least 10 days in advance to enable us to keep the information ready at the Meeting.

Affix a Revenue Stamp

# Directors' Report

## TO THE MEMBERS

The Directors present their Thirty Seventh Report together with Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

	(Rs./Lacs)
Profit/(Loss) after charging all expenses before Depreciation	(0.32)
Deduct: Depreciation	488.56
Profit/(Loss) for the year	<u>(488.88)</u>
Wealth Tax	(1.59)
Deferred Tax (Asset)	<u>121.42</u>
Transferred to General Reserve	<u>(369.05)</u>

### OPERATIONS

During the period under Report, the Company's sales and other income were Rs.30,994 lacs and cash loss is Rs. 0.32 lacs as compared to last year's figures of Rs. 24,309 lacs and cash profit of Rs. 501 lacs respectively. After depreciation, the loss for the year is Rs. 488.88 lacs as compared to the profit of Rs. 128.45 lacs in the previous year.

### DIVIDEND

No dividend has been recommended by the Directors.

### FIXED DEPOSITS

As on 31.03.2010, there were only twelve unclaimed fixed deposits with Company amounting to Rs. 3,13,000/-, out of which nine fixed deposits amounting to Rs. 2,23,000/- have been renewed/refunded.

### CONSOLIDATED ACCOUNTS

The Consolidated Accounts of the Company and of its wholly owned subsidiary company is annexed to this Report.

### PARTICULARS OF EMPLOYEES

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010 the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the losses of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

### CORPORATE GOVERNANCE

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

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

The shares of your Company are listed at the Bombay Stock Exchange Ltd. (BSE) and the Stock Code at BSE is: 507621. Listing fees for the financial year 2010-11 has been paid.

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

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

**DIRECTORS**

Mrs. Asha Gadi, Director, retires by rotation and, being eligible, offers herself for re-election. The Board recommends her re-appointment.

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

**AUDITORS**

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

**GENERAL**

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

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

For and on behalf of the Board

New Delhi  
11<sup>th</sup> August, 2010

(Dr. Umesh N. Saxena)  
Managing Director

(Suresh Alipuria)  
Director

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

## BOARD OF DIRECTORS:

As on 31<sup>st</sup> March, 2010 the Board of Directors of the Company has five Members. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

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

During the financial year 2009-10, eight Board meetings were held on 30.04.2009, 30.05.2009, 17.06.2009, 31.07.2009, 20.10.2009, 31.10.2009, 31.01.2010 and 17.03.2010.

Composition of Board of Directors as on 31<sup>st</sup> March, 2010 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM attended held on 25 <sup>th</sup> August, 2009	No. of Directorship held in other companies*	No. of Committee position held in other public limited companies as a Chairman	No. of Committee position held in other public limited companies as a Member
Dr. Umesh N. Saxena	Executive Non – Independent	8	No	7	Nil	Nil
Mrs. Asha Gadi	Non – Executive Independent	8	No	1	Nil	Nil
Mr. Suresh Alipuria	Non – Executive Independent	8	Yes	5	Nil	Nil
Mr. Amarjeet Kapoor	Executive Non – Independent	8	No	11	Nil	Nil
Mr. Kewal Krishan Kohli	Non – Executive Independent	8	No	14	Nil	Nil

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

## MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Dr. Umesh N. Saxena, Managing Director

Mr. Sudhir Avasthi, Finance Director

Mr. Amarjeet Kapoor, Whole time Director

## AUDIT COMMITTEE:

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

The composition of the Audit Committee as on 31<sup>st</sup> March, 2010 is as follows:

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

Ms. Kamlesh Gupta, Company Secretary, acts as Secretary of the Committee.

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

Date of Meetings	Mr. Suresh Alipuria	Mr. Kewal Krishan Kohli	Mrs. Asha Gadi
28.04.2009	Yes	Yes	Yes
17.06.2009	Yes	Yes	Yes
29.07.2009	Yes	Yes	Yes
29.10.2009	Yes	Yes	Yes
29.01.2010	Yes	Yes	Yes

The Audit Committee Meetings are also attended by Mr. Sudhir Avasthi, Finance Director.

## REMUNERATION COMMITTEE:

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

As on 31st March, 2010, the Remuneration Committee comprises of the following three Directors of the Company:

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

During the year under review, one meeting of the Remuneration Committee was held on 17<sup>th</sup> March, 2010 which was attended by all the members of the Committee.

**DETAILS OF REMUNERATION PAID TO DIRECTORS:**

The aggregate value of remuneration and perquisites paid for the financial year ended 31<sup>st</sup> March, 2010 to Dr. Umesh N. Saxena, Managing Director and Mr. Amarjeet Kapoor, Whole time Director is as follows:

	Dr. Umesh N. Saxena (Rs.)	Mr. Amarjeet Kapoor (Rs.)
Basic Salary	48,00,000	1,80,000
Contribution to Provident Fund	5,76,000	—
Other Benefits & Allowances	14,08,213	—
<b>Total</b>	<b>67,84,213</b>	<b>1,80,000</b>

During the financial year 2009-10, Company has incurred losses u/s 198 read with section 349 of the Companies Act, 1956 due to lower milk processing, increase in interest cost and increase in depreciation. Thus, the remuneration has been paid to its managerial personnel in accordance with the Section II of part II of Schedule XIII of Companies Act, 1956.

Company pays sitting fees to all the Non-Executive Directors @ Rs. 500 for each Board Meeting attended. The sitting fees paid to the Directors for the financial year ended on 31<sup>st</sup> March, 2010 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 3,500
Mr. Suresh Alipuria	Rs. 3,500
Mr. Kewal Krishan Kohli	Rs. 3,500

**Details of shareholding of Non-Executive Directors as on 31st March, 2010:**

Name of The Director	No. of shares held
Mr. Suresh Alipuria	Nil
Mr. Kewal Krishan Kohli	Nil
Mrs. Asha Gadi	Nil

**INVESTOR GRIEVANCE COMMITTEE:**

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

The composition of the Committee as on 31st March, 2010 is as follows:

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

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

Date of Meetings	Mr. Suresh Alipuria	Mr. Kewal Krishan Kohli	Mrs. Asha Gadi
28.04.2009	Yes	Yes	Yes
29.07.2009	Yes	Yes	Yes
29.10.2009	Yes	Yes	Yes
29.01.2010	Yes	Yes	Yes

Ms. Kamlesh Gupta, Company Secretary, acts as Secretary to the Committee and also as the Compliance Officer.

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

**ANNUAL GENERAL MEETINGS:**

Location and time for the last three AGMs:

Year	Date	Venue	Time	No of Special resolutions Passed
2007	25.07.2007	Registered Office	12.30 p.m.	4
2008	29.08.2008	Registered Office	10.30 a.m.	2
2009	25.08.2009	Registered Office	10.30 a.m.	1

No resolution has been passed through Postal Ballot.





**DISCLOSURE:**

During the financial year 2009-10, the Company has entered upon related party transactions envisaged under the Corporate Governance Code which have been disclosed in Note 18 under Schedule 18(B) to the Accounts.

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

**Code of Conduct:**

The Company has adopted a Code of Conduct for Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect duly signed by the Managing Director is annexed. The Code of Conduct has been hosted on the website of the Company.

**MEANS OF COMMUNICATION:**

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

**Management Discussion and Analysis Report shall form part of the Annual Report.**

**GENERAL SHAREHOLDERS' INFORMATION:**

**Annual General Meeting (AGM):**

Date & Time : 29<sup>th</sup> September, 2010, 9.30 a.m.  
 Venue : Registered Office  
 Book Closure Date : 29<sup>th</sup> September, 2010  
 Dividend : Nil

**Financial Calendar for 2010-2011: (Tentative)**

Financial Results for  
 First Quarter : before mid August, 2010  
 Second Quarter : before mid November, 2010  
 Third Quarter : before mid February, 2011  
 Fourth Quarter : before mid May, 2011

**Market Price Data:**

High and Low market price during each month in last financial year from April, 2009 to March, 2010 at Bombay Stock Exchange Limited (BSE) is as follows:

Month	High	Low	Month	High	Low
April,09	287.95	261.30	October,09	263.90	194.10
May,09	287.95	247.05	November,09	347.95	215.00
June,09	269.95	193.05	December,09	343.00	241.00
July,09	210.00	178.00	January,10	310.95	235.00
August,09	219.00	185.60	February,10	259.00	206.00
September,09	215.00	195.00	March, 10	243.95	188.15

**Registrar and Share Transfer Agent:**

M/s Alankit Assignments Ltd., 205-206, Anarkali Market, Jhandewalan Extn., New Delhi-110055 acts as Registrar and Share Transfer Agent of the Company.

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

**Share transfer system:**

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

**Distribution of shareholding as on 31<sup>st</sup> March, 2010**

Shareholding of nominal value of Rs.	No. of shareholders	No. of shares held	%age of total shareholding (Rounded off)
1-5000	4165	566915	11.60
5001-10000	196	144422	2.96
10001-20000	81	112947	2.31
20001-30000	10	24995	0.51
30001-40000	11	38735	0.79
40001-50000	2	8616	0.18
50001-100000	2	14200	0.29
100001 and above	13	3975610	81.36
<b>Total</b>	<b>4480</b>	<b>*4886440</b>	<b>100.00</b>

**Shareholding pattern as on 31<sup>st</sup> March, 2010:**

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	2452560	50.19
Mutual Funds	2600	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FII's	202000	04.14
Corporate Bodies	1367849	27.99
Indian Public	857802	17.56
NRIs/OCBs	3129	00.06
<b>Total</b>	<b>*4886440</b>	<b>100.00</b>

\*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 31<sup>st</sup> March, 2010, 44.55% of the capital was held in dematerialized form and the rest in physical form.

**Plant Locations:**

Patiala Plant: P.O. Bahadurgarh, Distt. Patiala -147021, Punjab  
 Hamira Plant: Jagatjit Nagar – 144802, District Kapurthala, 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.  
 Head Office & Share Department: 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.  
 Investors' e-mail ID: investor\_grievances\_redressal@milkofoodltd.com

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

(Pursuant to Clause 49 of the Listing Agreement)

Mrs. Asha Gadi, Director, retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment. She was appointed as the Director of the Company w.e.f. 7<sup>th</sup> October, 2002. She is 57 years old. She is graduate and has vast experience in the field of marketing.

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

She is holding the Directorship in Trikuta Enterprises Private Limited.

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

I, Umesh N. Saxena, Managing Director, hereby declare that the Code of Conduct adopted by the Company for its Board and Senior Management Personnel has been duly complied by all Board Members and Senior Management personnel of the Company.

(Dr. Umesh N. Saxena)  
 Managing Director

Place: New Delhi  
 Date : 11<sup>th</sup> August, 2010

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry Structure and Development**

The Indian Dairy Industry is rapidly growing, trying to keep pace with the galloping progress around the world. India is the leading producer of milk in the world. The Dairy Industry is recognized as one of the largest and most important of food industry. A boom is forecast in the market of dairy products because of their uses as raw material in pharmaceutical and allied industries.

**Opportunities and Threats**

Although milk production has grown at a fast pace during the last three decades, milk yield per animal is very low due to lack of use of scientific practices in milking, inadequate availability of fodder in all seasons and unavailability of veterinary health services. However, increased productivity of animals, better health care and breeding facilities and management of dairy animals can reduce the cost of milk production. The Government and Dairy Industry can play a vital role in this direction.

To make the significant entrance in the global market significant investment has to be made in milk procurement, equipments, chilling and refrigeration facilities.

**Internal Control System**

Management is taking the effective steps to reduce the cost of production. Establishment of milk collection centers and chilling centers has enhanced the life of raw milk and has enabled the minimization of wastage due to spoiled milk. Company has developed a strong market and



distribution network for selling its products. However, due to the less availability of raw milk as compared to the demand by the Dairy Industry and tough competition in the industry, Company procures the quality milk at a very high price and it has affected the profitability of the Company adversely.

#### **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 appreciation 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

New Delhi  
11<sup>th</sup> August, 2010

Dr. Umesh N. Saxena  
Managing Director

Suresh Alipuria  
Director

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

To the Members of  
Milkfood Limited

We have reviewed the implementation of Corporate Governance procedures by Milkfood Limited during the year ended March 31, 2010, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

For R.N. Bahl & Co.  
Chartered Accountants

Place: New Delhi  
Date : 11<sup>th</sup> August, 2010

R.N. Bahl  
(Partner)  
Membership No. FCA 2277

# Financial Highlights

(Rs. in lacs or as indicated)

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>ASSETS</b>										
Fixed Assets( Net Block)	8,389	8,715	8,525	8,636	5,441	3,434	1,386	1,118	1,231	1,090
Investments	2,026	2,026	1,226	426	426	450	453	434	9	9
Current Assets	7,999	4,719	5,574	5,088	6,051	3,193	4,276	2,353	3,221	2,960
<b>TOTAL</b>	<b>18,414</b>	<b>15,460</b>	<b>15,325</b>	<b>14,150</b>	<b>11,918</b>	<b>7,077</b>	<b>6,115</b>	<b>3,905</b>	<b>4,461</b>	<b>4,059</b>
<b>LIABILITIES</b>										
Loans,Current Liabilities and Provisions	14,776	11,453	11,636	10,635	8,882	4,371	3,436	1,327	1,796	1,145
<b>NET WORTH</b>	<b>3,638</b>	<b>4,007</b>	<b>3,689</b>	<b>3,515</b>	<b>3,036</b>	<b>2,706</b>	<b>2,679</b>	<b>2,578</b>	<b>2,665</b>	<b>2,914</b>
<b>REPRESENTED BY</b>										
Share Capital	489	489	489	489	489	489	489	489	489	489
Reserves & Surplus	3,149	3,518	3,200	3,026	2,547	2,217	2,190	2,089	2,176	2,425
<b>TOTAL</b>	<b>3,638</b>	<b>4,007</b>	<b>3,689</b>	<b>3,515</b>	<b>3,036</b>	<b>2,706</b>	<b>2,679</b>	<b>2,578</b>	<b>2,665</b>	<b>2,914</b>
<b>OPERATING PERFORMANCE</b>										
Revenue	30,994	24,309	32,829	31,260	20,627	19,152	19,027	16,435	16,279	20,113
Gross Profit Earnings	(0)	501	823	1,005	581	91	286	3	7	117
Profit/(Loss) before tax	(489)	128	470	728	415	8	201	(127)	(157)	(28)
Profit/(Loss) after tax	(369)	318	175	478	330	27	101	(88)	(107)	(29)
Earnings per Share (Rs.)	(7.55)	6.50	3.57	9.79	6.75	0.56	2.07	-	-	-
Dividend -Amount per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
-Rate(%)	-	-	-	-	-	-	-	-	-	-
Book Value of Shares(Rs.)	74.44	81.99	75.49	71.92	62.13	55.37	54.83	52.76	54.54	59.63
<b>GROSS EARNINGS</b>										
As a percentage of Revenue	0.00	2.06	2.51	3.22	2.82	0.48	1.50	0.02	0.04	0.58
As a percentage of Fixed Assets	0.00	5.74	9.66	11.64	10.68	2.65	20.63	0.27	0.57	10.73
As a percentage of Capital Employed	0.00	12.49	22.32	28.60	19.14	3.36	10.68	0.12	0.26	4.02



# Auditors' Report

## TO THE MEMBERS OF MILKFOOD LIMITED

1. We have audited the attached Balance Sheet of Milkfood Limited as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account and 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.
2. We have conducted our audit in accordance with 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 mis-statement. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
  - (i) 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.
  - (ii) 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 these books *except that gratuity and leave encashment are accounted for on payment basis.*
  - (iii) The Balance sheet, Profit and loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance sheet, Profit and 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 *except that gratuity and leave encashment are accounted for on payment basis.*
  - (v) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and read with Note 7 regarding accounting of income, 11(a) & (b) regarding assets at Gurgaon, Note No.12 regarding investment, Note 14 regarding impairment of Assets subject to note No.8 of Schedule 18B regarding non provision of gratuity amounting to Rs.184.72 lacs of which Rs.NIL relate to current year and Note No.12 regarding Managerial Remuneration of Schedule 18A.
    - (a) in the case of the Balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2010;
    - (b) in the case of the Profit and loss account, of the loss for the year ended on that date; and
    - (c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (d) *We further report that had the remarks given by us in para (vi) above regarding non provision of gratuity has been considered, the reserve surplus would have been Rs. 2964.29 lacs (against the reported figure of Rs. 3149.01 lacs) Net Current Assets would have been Rs. 2121.59 lacs (as against reported figure of Rs. 2306.31 lacs).*

For R.N. BAHL & CO.  
Chartered Accountants

R.N. Bahl  
(Partner)

Membership No. FCA 2277

New Delhi  
Dated : 11th August, 2010

## Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date to the members of Milkfood Limited on the accounts as at and for the year ended March 31, 2010.

1. (a) The Company has maintained list of fixed assets acquired by it. However the same is required to be updated substantially with regard to quantitative detail/location, identification etc.  
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. During the year no physical verification of the fixed assets is done.  
(c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) on the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has not granted loans to companies covered in the register maintained under section 301 of the Companies Act, 1956. However, company has incurred expenses on behalf of the subsidiary company. Company has granted loans to its wholly owned subsidiary for setting up IT Park and amount outstanding at the year end is Rs.342.12 lacs.  

The Company has taken in previous year loans from companies/parties, covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding at the year end is Rs. 600 lacs.

  
(b) In our opinion the terms and conditions of such loans are not prima facie prejudicial to the interest of the company. The other terms of repayment in respect of the loans taken/ given are not stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across, nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures and adjustments thereof except that internal control procedures in the case of advances to staff need to be strengthened.
5. In our opinion and according to explanations given to us and as certified the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. In our opinion and according to the information and explanations given to us and the transactions of purchases/ sales made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. With regard to financial arrangements processing charges/ other contingencies we are informed that these all represent specific and specialized services for which market prices are not available. However considering the cost and benefits available & other factors payments made/ received are reasonable.
7. In our opinion and according to the information and explanations given to us and read with note no.5 of schedule 18B the company has complied with the directives issued by the RBI and provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public. According to information and explanations given to us no order has been passed by the National Company Law Tribunal or Company Law Board or RBI or any Court or any other Tribunal relevant to sections 58A, 58AA or the other relevant provisions of the Act.
8. It has been informed to us that Company has inbuilt mechanism of internal checks and all the Plants have been visited by Internal Chartered Accountant to verify the operational systems and for safety of its Assets and other matters required by the Management. In our opinion the Internal Audit needs to be formalized and further strengthened in terms of scope, coverage and reporting.

9. In terms of Notification No.GSR 661(E) dated 8<sup>th</sup> October 2004 regarding Cost Accounting Records (Milk Food) (Amendment) Rules, 2004 – requirement of maintaining records as prescribed under section 209 (1) (d) of the Companies Act, 1956 has been dispensed with.
10. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, excise-duty, cess and other statutory dues applicable to it with the appropriate authorities except that TDS on perquisites value in respect of interest free loans to employees has been made.
- (b) According to the information and explanations given to us and the records of the company examined by us the particulars of major dues of sales-tax, income-tax, customs duty, wealth tax, excise duty and cess as at March 31, 2010 which have not been deposited on account of a dispute, are as follows:-

Sl. No.	Name of Statute	Nature of Dues	Amount Rs./Lacs	Forum where dispute is pending
1.	Delhi Sales Tax Act, 1975	Penalty under Sales Tax (1982-83)	36.82	Appeal before Sales Tax Appellate Tribunal, Delhi.
2	Delhi Sales Tax Act, 1975	Disallowance of ST-1 Forms 1983-84/ Stock Transfer etc. 1983-84	55.53 1.86	Appeal before Sales Tax Appellate Tribunal, Delhi. -do-
3	Income Tax Act, 1961	Penalty u/s 271(1) (c) Assessment Year 1992-93	2.75	Before CIT (Appeal)
4	Income Tax Act, 1961	Regular Demand under section 143 (3), 2007-08	8.33	Before CIT (A)
5	Delhi Sales Tax Act 1975	Under Sales Tax Act	0.28	Before D.C. Sales Tax

11. The company has NIL accumulated losses as at March 31, 2010 and it has not incurred any cash losses during the financial year ended in that date and in the immediately preceding financial year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/ societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the company has applied term loans for the purposes for which the loans were obtained.
17. During the year no Short Term funds have been raised.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debenture during the year, accordingly, no securities has been created.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For R.N. BAHL & CO.  
Chartered Accountants

R.N. Bahl  
(Partner)  
Membership No. FCA 2277

New Delhi  
Dated : 11th August, 2010

# Balance Sheet

as at 31st March, 2010

	Schedule	2009-2010 Rs.'000	2008-2009 Rs.'000
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	48,853	48,853
Reserves and Surplus	2	314,901	351,806
<b>LOAN FUNDS</b>			
Secured Loans	3	465,899	472,803
Unsecured Loans		431,210	195,553
Deferred Tax Liability (Net) (Note 17)	18 B	11,311	23,453
<b>TOTAL</b>		<b>1,272,174</b>	<b>1,092,468</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	1,156,178	1,146,144
Less: Depreciation		348,028	303,891
Net Block		808,150	842,253
Capital Work-in-progress		30,753	29,200
		838,903	871,453
<b>INVESTMENTS</b>			
CURRENT ASSETS, LOANS AND ADVANCES	5	202,640	202,641
Inventories	6	515,150	347,984
Sundry Debtors	7	93,941	18,354
Cash and Bank Balances	8	48,751	12,449
Loans and Advances	9	142,016	93,144
		799,858	471,931
Less: Current Liabilities & Provisions	10	569,227	453,557
		569,227	453,557
Net Current Assets		230,631	18,374
<b>TOTAL</b>		<b>1,272,174</b>	<b>1,092,468</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>			
	18		

This is the Balance Sheet referred to in our report of even date.

The Schedules referred to above form an integral part of the Balance Sheet.

**R.N. Bahl**

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Place : New Delhi

Date : 11th August, 2010

**Kamlesh Gupta**  
Company Secretary

**Sudhir Avasthi**  
Finance Director

**Dr. Umesh N. Saxena**  
**Asha Gadi**  
**Amarjeet Kapoor**  
**Suresh Alipuria**  
**K.K. Kohli**  
Directors





# Profit and Loss Account

for the year ended 31st March, 2010

	Schedule	2009-2010 Rs.'000	2008-2009 Rs.'000
<b>INCOME</b>			
Sales		3,085,867	2,336,380
Other Income	11	13,517	94,481
Total		<u>3,099,384</u>	<u>2,430,861</u>
<b>EXPENDITURE</b>			
Raw materials consumed		2,787,967	1,979,118
Packing material consumed		81,757	61,829
Manufacturing	12	139,972	125,460
Personnel	13	82,487	81,952
Administration	14	38,172	40,807
Selling and Distribution	15	47,222	43,137
Finance charges	16	95,466	76,035
Depreciation		48,856	37,214
		<u>3,321,899</u>	<u>2,445,552</u>
(Increase)/ Decrease in work-in-progress and finished goods	17	(173,627)	(27,536)
Total		<u>3,148,272</u>	<u>2,418,016</u>
<b>Profit before Tax</b>		<b>(48,888)</b>	<b>12,845</b>
<b>Less : Provision for Tax</b>			
a) Current Tax (115 JB of Income Tax Act)		0	695
b) Fringe Benefit Tax		0	1,522
c) Deferred Tax (Asset) Liability (Note 17)	18 B	(12,142)	(22,391)
d) Tax Adjustment for Earlier Year		0	1,086
e) Wealth Tax		159	166
<b>Profit after Tax</b>		<b>(36,905)</b>	<b>31,767</b>
Balance transferred to General Reserve		<u>(36,905)</u>	<u>31,767</u>
Basic/Diluted Earnings Per Share of Nominal Value of Rs. 10 each (Rs.) (Note 19)	18 B	(7.55)	6.50
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	18		

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

The Schedules referred to above form an integral part of the Profit and Loss Account.

**R.N. Bahl**

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Place : New Delhi

Date : 11th August, 2010

**Kamlesh Gupta**  
Company Secretary

**Sudhir Avasthi**  
Finance Director

**Dr. Umesh N. Saxena**  
Asha Gadi  
Amarjeet Kapoor  
Suresh Alipuria  
K.K. Kohli  
Directors

# Cash Flow Statement

for the year ended 31st March, 2010

Particulars	31.03.2010 Rs.'000	31.03.2009 Rs.'000
<b>A. Cash flow from operating activities:</b>		
Net (loss)/profit before tax	(48,888)	12,845
<b>Adjustments for:</b>		
Depreciation	48,856	37,214
Interest Expense	95,466	76,035
Income from Investment - Dividends	-	-
(Profit)/Loss on Fixed Assets sold	521	(78,478)
Provision for Wealth Tax/Income Tax	(159)	(3,468)
Foreign Exchange Fluctuation	(315)	(4,766)
Adjustment of account of transfer of fixed assets from CWIP etc	-	-
Miscellaneous Balances Written Back and Miscellaneous Income	(5,869)	(4,692)
Insurance Claim Received	-	(512)
<b>Operating profit before working capital changes</b>	<b>89,612</b>	<b>34,178</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Sundry Debtors	(75,587)	99,128
- (Increase)/Decrease in Other Receivables	(48,872)	7,780
- (Increase)/Decrease in Inventories	(167,166)	(31,582)
- (Increase)/Decrease in Trade and Other Payables	115,671	(3,289)
<b>Cash generated from operations</b>	<b>(86,343)</b>	<b>106,215</b>
Insurance claim received	-	512
- Taxes Refunded (Net of TDS)	-	-
<b>Net cash from operating activities</b>	<b>(86,343)</b>	<b>106,727</b>
<b>B. Cash flow from Investing activities:</b>		
<b>Adjustments for changes in :</b>		
Additions during the period	(17,633)	(59,458)
Capital Work in Progress	(1,556)	(7,698)
Fixed assets taken back	-	-
Proceeds from Sale of fixed assets	2,360	9,457
Sale of Investments (Net of Purchase)	1	(41)
Dividend Received	-	-
Advances to Subsidiary	-	2,751
<b>Net cash used in investing activities</b>	<b>(16,828)</b>	<b>(54,991)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from Fixed deposits (Net)	37,989	32,900
Proceeds from Short Term Loan	-	-
Proceeds from Demand Loan	-	-
Proceeds from Cash Credits (Net)	(67,041)	47,427
Proceeds from Vehicle Loan	1,997	(13,292)
Proceeds from Supplier Credit	2	16
Proceeds from Term Loan	255,808	(119,654)
Proceeds from Inter Corporate & Other Deposits	-	60,000
Interest Paid	(95,466)	(76,035)
Dividend Paid	-	-
Foreign Exchange Fluctuation	315	4,766
Miscellaneous Balances Written Back and Miscellaneous Income	5,869	4,692
<b>Net cash used in financing activities</b>	<b>139,473</b>	<b>(59,180)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>36,302</b>	<b>(7,443)</b>
<b>Cash and cash equivalents as at 31.03.2009</b>	<b>12,449</b>	<b>19,892</b>
<b>Cash and cash equivalents as at 31.03.2010</b>	<b>48,751</b>	<b>12,449</b>
<b>Cash and cash equivalents comprise</b>		
Cash, Cheques & Drafts (in hand) and Remittances in transit	1,209	1,112
Balance with Scheduled Banks	47,542	11,337
<b>Total</b>	<b>48,751</b>	<b>12,449</b>

**Notes :**

- The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 (Cash Flow Statements) issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflows.
- Cash and cash equivalents includes Rs.4535 thousand (Previous Year - Rs.4476 thousand ) which are not available for use by the Company.
- Credit Facilities Available and not drawn are Term Loan of Rs.Nil and Cash Credit Limits of Rs.60188 thousand
- Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

This is the Cash flow Statement referred to in our report of even date.

**R.N. Bahl**

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Place : New Delhi

Date : 11th August, 2010

Significant Accounting Policies and Notes to Account (Schedule 18) forms an integral part of the Cash Flow Statement.

**Kamlesh Gupta**  
Company Secretary

**Sudhir Avasthi**  
Finance Director

**Dr. Umesh N. Saxena**  
Asha Gadi  
Amarjeet Kapoor  
Suresh Alipuria  
K.K. Kohli  
Directors

## Schedules

Forming part of the Balance Sheet

### 1. SHARE CAPITAL [Schedule 18B(3)]

	2009-2010 Rs.'000	2008-2009 Rs.'000
<b>Authorised</b>		
75,00,000 Equity Shares of Rs. 10 each	75,000	75,000
50,000 Redeemable Cumulative Preference Shares of Rs. 100 each	<u>5,000</u>	<u>5,000</u>
	<u>80,000</u>	<u>80,000</u>
<b>Issued</b>		
48,87,890 Equity Shares of Rs. 10 each	<u>48,879</u>	<u>48,879</u>
<b>Subscribed and Paid up</b>		
48,86,440 Equity Shares of Rs. 10 each	48,865	48,865
Less: Calls in arrears	<u>19</u>	<u>19</u>
	48,846	48,846
Amount paid on 1450 Forfeited Shares	<u>7</u>	<u>7</u>
	<u>48,853</u>	<u>48,853</u>

### 2. RESERVES AND SURPLUS

<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	1	1
<b>Share Premium Account</b>		
As per last Balance Sheet	66,988	66,988
<b>General Reserve</b>		
As per last Balance Sheet	284,817	253,050
Add : Transferred from Profit & Loss Account	<u>(36,905)</u>	<u>31,767</u>
	<u>247,912</u>	<u>284,817</u>
	<u>314,901</u>	<u>351,806</u>

### 3. LOAN FUNDS [Schedule 18B(4,5)]

#### SECURED

From Bank		
Cash Credit	139,812	206,853
Term Loan		
From Bank	295,799	237,659
Vehicle Loan		
(i) From Bank	692	6,586
(ii) From Other	<u>29,596</u>	<u>21,705</u>
	<u>465,899</u>	<u>472,803</u>

#### UNSECURED

Fixed Deposits	105,087	67,098
Inter Corporate Deposit ( includes Rs.60000 thousand from wholly owned subsidiary company)	128,455	128,455
Term Loan		
From Other	<u>197,668</u>	<u>-</u>
	<u>431,210</u>	<u>195,553</u>

#### 4. FIXED ASSETS [SCHEDULE 18A(2, 3, 11) 18B(10, 11)]

(Rs. '000)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2009	Additions	Deductions	31.03.2010	01.04.09	For the year	On Deductions	up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
Freehold Land	31,387	-	-	31,387	-	-	-	-	31,387	31,387
Buildings	169,177	709	-	169,886	31,458	5,522	-	36,980	132,906	137,719
Plant & Machinery	887,011	16,739	-	903,750	245,942	39,256	-	285,198	618,552	641,069
Furniture, Fixtures and Equipments	12,740	131	-	12,871	9,788	371	-	10,159	2,712	2,952
Vehicles	45,829	54	7,599	38,284	16,703	3,707	4,719	15,691	22,593	29,126
<b>Total</b>	<b>1,146,144</b>	<b>17,633</b>	<b>7,599</b>	<b>1,156,178</b>	<b>303,891</b>	<b>48,856</b>	<b>4,719</b>	<b>348,028</b>	<b>808,150</b>	<b>842,253</b>
Previous Year	1,094,342	68,571	16,769	1,146,144	263,338	46,327	5,774	303,891		
Capital work in progress(Including capital advance Rs.1030 thousand (Previous year Rs.2707 thousand)									30,753	29,200
<b>Grand Total</b>									<b>838,903</b>	<b>871,453</b>

#### 5. INVESTMENTS [Schedule 18 A(4) 18B (12)]

2009-2010  
Rs.'000

2008-2009  
Rs.'000

##### OTHER INVESTMENTS (Long Term) IN EQUITY SHARES, (NON TRADE, UNQUOTED)

Ispace Developers Pvt. Ltd

(Wholly Owned Subsidiary Company)

41,199

41,199

4119900 equity share of 10/ each (previous year 4119900  
equity shares of 10/-each )

##### IN PREFERENCE SHARES, (NON TRADE, UNQUOTED)

Grand Regency & Hospitalities Pvt. Ltd.

2% Redeemable, Non Cumulative

425,000 shares of Rs. 100 each fully paid

42,500

42,500

Ispace Developers Pvt. Ltd

(Wholly Owned Subsidiary Company)

11890100 8% Preference Shares of Rs.10 each fully (previous year

118,901

118,901

11890100 shares of 10 each fully paid)

National Saving Certificate (Pledged with Govt. Authorities)

40

41

**202,640**

**202,641**

Aggregate Value of Unquoted Investments

**202,640**

**202,641**

#### 6. INVENTORIES [Schedule 18A(5) 18B (13(1))

Stores and Spare Parts

22,894

25,400

Raw and Packing Material

9,378

13,333

Finished Goods

464,873

296,701

Work-in-Progress

18,005

12,550

**515,150**

**347,984**

#### 7. SUNDRY DEBTORS

Debts outstanding for a period exceeding 6 months

- Unsecured

698

910

Other debts

- Secured

1,563

4,058

- Unsecured

91,680

13,386

**93,941**

**18,354**



## 8. CASH AND BANK BALANCES

	2009-2010 Rs.'000	2008-2009 Rs.'000
Cash in hand	1,209	1,112
Balances with Scheduled Banks		
On Current accounts	37,679	5,196
On Deposit accounts	9,863	6,141
Notes		
Includes Rs. 4535 thousand as Margin Money for Bank Guarantee (Previous year Rs.4476 thousand)		
	<u>48,751</u>	<u>12,449</u>

## 9. LOANS AND ADVANCES [Schedule 18B(16)]

Unsecured, considered good - Advances recoverable in cash or kind or for value to be received	95,806	48,908
Advances to Wholly Owned Subsidiary	34,212	34,212
Security Deposits	9,111	8,804
Interest accrued on deposits	1,014	594
Advance Tax (Net of Provision)	1,872	626
	<u>142,016</u>	<u>93,144</u>

## 10. CURRENT LIABILITIES AND PROVISIONS [Schedule 18B(15)]

### Current Liabilities

Sundry Creditors		
- Total Outstanding dues of Creditors other than Small Scale Industrial Undertakings	335,917	352,787
Advances/Deposits from Customers	167,025	51,929
Other liabilities	61,043	46,278
Interest accrued but not due	5,083	2,397
Taxation (Net of Advance Tax)	-	-
Wealth Tax	159	166
	<u>569,227</u>	<u>453,557</u>

## 11. OTHER INCOME [Schedule 18 B (13(2))]

Insurance Claim received	-	512
Exchange Fluctuation and Export entitlement	7,722	6,060
Miscellaneous	5,795	87,909
	<u>13,517</u>	<u>94,481</u>

## 12. MANUFACTURING

Consumption of stores and spare parts (Excluding Rs.5814 thousand charged to other revenue heads of accounts, Previous year Rs. 6522 thousand)	11,266	9,345
Power and Fuel	91,775	80,587
Conversion Charges	29,431	27,649
Repairs - Building	98	529
- Machinery	5,406	5,560
ISI & Agmark Charges and ISO Charges	1,996	1,790
	<u>139,972</u>	<u>125,460</u>

**13. PERSONNEL**

	2009-2010 Rs.'000	2008-2009 Rs.'000
Salaries, wages, bonus, gratuity and hired services	74,401	73,646
Contribution to Provident Fund	4,559	4,823
Staff welfare	3,527	3,483
	<u>82,487</u>	<u>81,952</u>

**14. ADMINISTRATION**

Rent	1,322	2,881
Rates and taxes (includes prior period expenses Rs.34 thousand)	638	1,160
Insurance	5,233	5,082
Directors' fees	11	15
Miscellaneous expenses (includes prior period expenses Rs. 278 thousand)	30,968	31,669
	<u>38,172</u>	<u>40,807</u>

**15. SELLING & DISTRIBUTION EXPENSES**

Freight & Forwarding Expenses	34,981	27,768
Commission	5,588	7,996
Other Expenses	6,653	7,373
	<u>47,222</u>	<u>43,137</u>

**16. FINANCE CHARGES**

<b>Interest Paid</b>		
On Fixed Loans	50,377	32,577
Others	45,958	44,014
	<u>96,335</u>	<u>76,591</u>
<b>Interest Received (Tax deducted at source Rs.124 thousand Previous Year Rs. 109 thousand)</b>		
Interest on Bank deposits	(869)	(556)
	<u>(869)</u>	<u>(556)</u>
	<u>95,466</u>	<u>76,035</u>

**17. (INCREASE)/DECREASE IN WORK-IN-PROGRESS  
AND FINISHED GOODS**

<b>Opening Stocks</b>		
Work-in-progress	12,550	23,454
Finished Goods	296,701	258,261
	<u>309,251</u>	<u>281,715</u>
<b>Closing Stocks</b>		
Work-in-progress	18,005	12,550
Finished Goods	464,873	296,701
	<u>482,878</u>	<u>309,251</u>
(Increase)/Decrease	<u>(173,627)</u>	<u>(27,536)</u>

## 18. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation of Accounts

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

#### 2. Fixed Assets

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

#### 3. Depreciation on Fixed Assets

Depreciation on fixed assets is provided on the straight-line method at the rates and manner as specified in schedule XIV of the Companies Act, 1956. Depreciation in respect of stores capitalized in plant and machinery is charged on the basis of estimated useful life of the respective assets following written down method. In respect of Assets held for disposal for discontinued operations, depreciation is provided if the net realizable value is less than the carrying amount.

#### 4. Investments

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

#### 5. Inventories

Inventories are valued at lower of cost or net realisable value except in case of Casein which is valued at net realizable value determined on the basis of prevalent international market prices. Cost is determined on a weighted average basis. In case of finished goods, Fixed, Variable and Administrative overheads are loaded on absorption costing basis. Net realizable value is determined by taking average of market prices of goods sold subsequent to the date of balance sheet.

#### 6. Retirement Benefits (Revised)

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

- (1) Short-term benefits are recognized as expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.
- (2) Leave encashments are not carried forward on year to year basis and facility is granted to employees only in the year of determination of service. Therefore no provision of leave encashment is made on year to year basis.
- (3) 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.
- (4) 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. 3.50 lakh. Company accounts for gratuity in the books on actual payment basis. Vide Government of India Notification published in the Official Gazette the limit of Rs. 3.50 lakhs has been increased to Rs. 10.00 Lakhs.
- (5) 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.

#### 7. Revenue Recognition

- (i) 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.
- (ii) Export entitlements i.e. duty free scrips are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (iii) In respect of entitlements under clear development mechanism (CDM) of Kyoto Protocol Income is accounted on the basis of estimated valuation made by the Consultant appointed by the Company for the final registration with UNFCCC. The expenditure incurred representing payments made for Registration are charged over a period of 2 years during which benefit is likely to accrue.

#### 8. 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 (also refer Note 17 of Schedule 18 B).

#### 9. 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.

**10. Foreign Currency Transactions**

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on estimated rate on the date of despatch 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.

**11. Intangible Assets**

In accordance with AS-26 – expenses incurred on development/defining the manufacturing process of any product to meet the required standards is recognized as Intangible Asset and is amortized over a period of 10 years. The amount amortised during the year is Rs. 59.67 lakhs (Previous Year Rs. 4.30 lakhs).

**12. Managerial Remuneration:**

Company has paid remuneration of Rs. 69.74 lakhs to its Managerial Personnel. Company is of the view and has taken legal opinion that in view of inadequacy of profits u/s 198 read with section 349 of Companies Act, 1956 remuneration paid during the year is within the prescribed limit of Section II of part II of Schedule XIII of Companies Act, 1956 computed on yearly basis of combined entitlements of Managerial Personnel during the year.

**B) NOTES TO ACCOUNTS**

**1. Contingent liabilities:**

Claims not acknowledged as debts Rs. 755.93 lacs net of tax Rs. 670.28 lacs (Previous year Rs. 736.68 lacs net of tax Rs. 653.21 lacs).

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 1.51 lacs (Previous year Rs. 39.52 lacs)

3. Equity shares capital include 30,10,225 Equity Shares (Previous year 30,10,225) allotted by way of Bonus Shares by capitalisation of General Reserve/Share Premium Account.

4. (i) Cash Credit, Term Loan and other term loans sanctioned by State Bank of Patiala is secured by first and exclusive charge on all present and future current assets and fixed assets including Plant & Machinery/immovable properties situated at Bahadurgarh & Moradabad together with all Buildings and structures thereon, equitable mortgage of land & building at Gurgaon in the name of Ispace Developers Pvt Ltd and exclusive charge on company's Brand 'milkfood'. The Bank has also extended supply line of credit to the extent of Rs. 8 crores against which company has created a charge on its immovable assets.

(ii) Vehicles Loans are secured against hypothecation of vehicles.

(iii) Term Loans payable within one year are Rs. 859 lacs (Previous Year 1016.27 lacs).

5. Unsecured Loans (Schedule 3) include deposits of Rs. 3.13 lacs (Previous year - Rs. 0.70 lacs) matured but not claimed. Deposits for Rs. 2.23 lac have since been renewed.

6. Loans and advances (Schedule 9) includes amount due from Directors of the Company as at 31<sup>st</sup> March, 2010 Rs. 0.24 lacs (Previous Year Rs. 1.39 lacs). Maximum amount due at any time during the year Rs. 4.07 lacs (Previous year Rs. 3.95 lacs). Current Liabilities (Schedule 10) includes Rs. 0.11 lacs due to directors of the Company (Previous Year Rs. 1.20 lacs). Maximum amount due during the year Rs. 0.11 lacs.

7. Loans and Advances/sales include Rs. 3.20 crores towards sale of Carbon credits under clean development mechanism (CDM) of Kyoto Protocol pending final registration with UNFCCC and actual sales in the International market.

8. No provision for gratuity liability as on 31<sup>st</sup> March, 2010 amounting to Rs. 184.72 lacs (Previous year Rs. 213.67 lacs) calculated in accordance with actuarial valuation as per AS-15 (Revised), of which Rs. NIL relates to current year (Previous year Rs. 46.03 lacs) has been made in these accounts. Above calculations are based upon the limit of Gratuity of Rs. 3.5 lakhs instead of revised limit of Rs. 10.00 lakhs per employee under the payment of Gratuity Act, 1972.

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

10. Land purchased at Moradabad includes Land valued at Rs. 85.09 lacs (previous year Rs. 85.09 lacs) for which agreement to purchase has been entered and steps are being taken to register the land in the name of the company.

**11. Assets at Gurgaon:**

(a) Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs. 26.44 lacs (Previous year Rs. 31.78 lacs).

(b) A sum of Rs. 4.00 lacs has been charged to Profit and Loss Account on account of reduction in estimated realizable value in respect of general stores of Rs. 40.79 lacs (previous year Rs. 44.79 lacs).

12. The Company had invested Rs. 425 lacs in the preference share capital of M/s Grand Regency Hospitality Pvt Ltd. The investee company has stopped the business as the lease of the premises occupied by it could not be renewed. The investee company is finalizing new lease and other options to carry on the business. Considering the estimated fair value of the brand of the investee company and other net realizable value of the assets, the company is of the view that no provision is required in this year as the diminution in the value of investment due to suspension of business by the investee company is temporary in nature.



13. (i) Stocks on consignment of Rs. 1.08 crores remains unconfirmed at the year end.  
(ii) Miscellaneous receipts includes Rs. 17.70 lacs representing differential amount on account of revision of rates of sales.
14. In conformity with Accounting Standard AS-28 issued by the ICAI, the total carrying amount of assets including intangible assets is Rs. 4027 lacs of Casein Plant. The Company in the year 2008-09 had projected the future cash inflow of 4 years from the said plant and calculated the present value @12% of Rs. 5646 lacs. Company has made sales of Rs. 6.77 crores during the financial year 2009-10 against the projected sales of Rs. 35.17 crores. Company has reprojected the future cash flow of 10 years based upon the current and likely economic scenario and has recalculated the present value @ 12% of Rs. 4844 lacs against the carrying amount of Rs. 4027 lacs. Therefore in the opinion of Management there is no impairment of assets within the meaning of AS-28.
15. Current Liabilities includes Rs. 9.00 crores received from a Company as interest free deposit for short term purposes.
16. Loans & Advances include Rs. 8.75 lacs recoverable on account of Sales Tax of earlier years which are outstanding from earlier years:
17. **Deferred Tax**  
As per Accounting Standard (AS-22), "Accounting for Taxes on Income" issued by the ICAI, Deferred Tax Asset (Net) for the year has been accounted for at Rs. 121.42 lacs as income (Previous Year Rs. 223.91 Lacs as income) in the Profit & Loss Account.  
Deferred Tax Liability (Net) as at 31<sup>st</sup> March 2010 is net of deferred tax asset in respect of unabsorbed depreciation of Rs. 2620.47 lacs (Previous Year Rs. 1844.01 lacs). Deferred Tax Asset has been recognized in cases where the company has been allowed relief in first appeal in respect of addition/disallowances made in assessment proceedings of Income Tax.  
The details regarding components of deferred tax are given below:

Particulars	(Rs. '000)		
	Opening as on 01/04/2009	Charge/(Credit) during the year	Closing as on 31/03/2010
<b>Deferred Tax Liability</b>			
-Depreciation	80433	11850	92283
<b>Deferred Tax Asset</b>			
Unabsorbed Depreciation	(56980)	( 23992)	(80972)
<b>Total</b>	<b>23453</b>	<b>(12142)</b>	<b>11311</b>

18. **Related Party Disclosures**

In accordance with the requirements of Accounting Standard 18 on the Related Party Disclosures, the transactions and Related Parties with whom transactions have taken place during the year are as follows:

(A) Related parties and transactions with them as identified by the management are given below:

List of related parties with whom transactions have taken place.

- (a) Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence-
- Jagatjit Industries Ltd. (Associate Concern)
  - Ispace Developers Pvt. Ltd. (Wholly owned subsidiary)
- (b) Key Management Personnel (Directors) and their relatives
- Dr. Umesh N. Saxena  
Ms. Asha Gadi  
Mr. Suresh Alipuria  
Mr. Amarjeet Kapoor  
Mr. K.K. Kohli  
Mr. Nitin Saxena (son of Dr. Umesh N. Saxena)  
Mr. Udit Saxena (son of Dr. Umesh N. Saxena)

## (B) Details of Transactions carried out with related party in the ordinary course of business:

(Rs. in '000)

	For the Year Ended 31st March, 2010			For the Year Ended 31st March, 2009		
	With Persons Mentioned in Clause 20 (A) (a)	With Persons Mentioned in Clause 20 (A) (b)	Total	With Persons Mentioned in Clause 20 (A) (a)	With Persons Mentioned in Clause 20 (A) (b)	Total
Electricity expenses Paid	854	—	854	814	—	814
Telephone Expenses Paid	119	—	119	152	—	152
Rent paid	397	—	397	404	1050	1454
Interest received	—	—	—	—	—	—
Interest Paid	—	698	698	—	268	268
Salary and travelling expenses	—	—	—	—	5900	5900
Amount received for Services Rendered	6291	—	6291	1125	—	1125
Reimbursement of Expenses	15423	—	15423	21624	—	21624
Managerial Remuneration	—	6974	6974	—	6092	6092
Variable Processing Charges	16038	—	16038	18109	—	18109
Investments	—	—	—	80000	—	80000
Sales of Assets	965	—	965	85867	—	85867
Purchases	4499	—	4499	741	—	741
Sales	33682	—	33682	53791	—	53791
Advances Given	—	—	—	150	—	150
Advances Received	—	—	—	73000	—	73000
Outstanding payables, net of receivable	11767	4986	16753	(17977)	5259	(12718)
Guarantees & Collaterals	—	—	—	444511	—	444511

## Notes:

The above information has been compiled on the basis of disclosures received from all directors of the Company.

The above payments do not include expenses incurred / reimbursed to key management personnel in the course of business.

## 19. Earnings Per Share (EPS) - The numerators and denominators used to calculate Basic/Diluted Earnings Per Share:

	Year ended March 31st, 2010	Year ended March 31st, 2009
Profit attributable to the Equity Shareholders (Rs.'000) (A)	(36905)	31767
Basic/Diluted Average Number of Equity Shares outstanding During the year (B)	4886440	4886440
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Diluted Earnings Per Share (Rs.) (A)/(B)	(7.55)	6.50

## 20. Amount paid/payable to Auditors:

	2009-2010 Rs. '000	2008-2009 Rs. '000
Audit Fees	1,213	1,213
In Other Capacity	119	165
Out of Pocket Expenses	152	78
Total	1,484	1,456

## 21. Managerial remuneration:

	2009-2010 Rs. '000	2008-2009 Rs. '000
Salary	4,980	5,030
Contribution to Provident Funds	576	528
Perquisites	1,408	519
Sitting Fees	10	15
Total	6,974	6,092

## 22. Capacities, production, sales, opening and closing stocks

### (a) Particulars of goods manufactured:

Class of product	Unit	2009-2010		Actual Production	2008-2009		
		Licensed Capacity *A	Installed Capacity *B		Licensed Capacity *A	Installed Capacity *B	Actual Production
1. Milk Products*C	Tonne }	*Not applicable }	*D 6000	9791	Not applicable }	*D 6000	8718
2. Ghee	Tonne }			7890			7344
3. Casein	Tonne }			199			20
4. Whey Powder	Tonne }			284*E			35*E

\*A As per Notification No.477 (E) dated 25-07-91 issued under the Industries (Development and Regulation) Act, 1951.

\*B Installed capacity, being a technical matter, is as certified by Management on which Auditors have relied upon.

\*C This comprises Weaning Food, Milk Powder, Infant Milkfood, Condensed Milk and Cheese.

\*D The products are manufactured in integrated plant; hence, installed capacity cannot be given.

\*E Captive consumption is not included.

### (b) Stocks and sales of goods manufactured:

Class of product	Unit	2009-2010			2008-2009		
		Opening Stocks	Sales	Closing Stocks	Opening Stocks	Sales	Closing Stocks
Milk Products	Tonne	2262	10048	2005	1493	7947	2262
	Rs.'000	244063	1217180	260924	177207	913437	244663
Ghee	Tonne	261	7330	821	300	7383	261
	Rs.'000	49365	1759011	196848	47950	1384698	49365
Casein	Tonne	10	206	3	80	90	10
	Rs.'000	2085	67769	1172	26926	30068	2085
Whey Powder	Tonne	15	175	124	154	174	15
	Rs.'000	588	7747	5928	6393	5742	588
Others	Rs.'000	-	34160	-	-	2435	-

### (c) Raw material consumed:

	Unit	2009-2010			2008-2009		
		%	Quantity	Value Rs.'000	%	Quantity	Value Rs.'000
Indigenous	Tonne	88.15	142,670	2,457,575	83.46	124,436	1,674,611
Milk and Separata		11.85		330,392	16.54		327,276
Others						(22,769)	
Less: for product development		---		---			
Net		100.00		2,787,967	100.00		1,979,118

### (d) Consumption of stores and spare parts:

	2009-2010		2008-2009	
	Value Rs.'000	%	Value Rs.'000	%
Indigenous	11,266	100	9,345	100
Imported	---	---	---	---
	11,266	100	9,345	100

23. Value of imports calculated on CIF basis:

	2009-2010 Rs.'000	2008-2009 Rs.'000
Capital goods Raw materials	—	—
Total	—	—

24. Expenditure in foreign currency:

	2009-2010 Rs.'000	2008-2009 Rs.'000
Books, Periodicals, Subscription, Travelling & Commission	871	3,040
Total	871	3,040

25. Earnings in Foreign currency:

	2009-2010 Rs.'000	2008-2009 Rs.'000
Export of goods on FOB basis	1,65,765	1,12,345
Total	1,65,765	1,12,345

26. Previous Years figures have been recast /regrouped where ever necessary in order to conform to the current years' presentation.

**Statement Regarding Subsidiary Companies Pursuant to Section 212 (3) and 212 (5) of the Companies Act, 1956:**

Name of Subsidiary	Financial Year to which the Statement relates	Holding company's interest		Net aggregate amount of subsidiary company's income or vice-versa, so far as it concerns members of holding company which are not dealt within the company's account for the current financial year Rs. '000	Net aggregate amount of subsidiary company's profit after deducting its losses or vice-versa, dealt within the company's account for the current financial year Rs. '000	Holding Company's interest as at March 31, changes since close of financial year of subsidiary company
		(i) Shareholding	(ii) Extent of holding %age			
Ispace Developers Pvt Ltd.	2009-10	41,19,900 Equity Shares of Rs. 10/- each and 1,18,90,100 8% Preference Shares of Rs. 10/- each	100%	—	—	No Change

for and on behalf of the Board

Date : 11<sup>th</sup> August, 2010  
Place : New Delhi

Dr. Umesh N. Saxena  
Managing Director

Suresh Alipuria  
Director

# ISPACE DEVELOPERS PRIVATE LIMITED

## Directors' Report

### TO THE MEMBERS

The Directors have the pleasure in presenting their 4<sup>th</sup> Report together with Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2010.

### OPERATIONS

Due to the recessionary conditions, no activity has been carried on during the year.

### DIVIDEND

No dividend has been recommended for the year.

### FIXED DEPOSITS

Company has not accepted any deposits from the public.

### PARTICULARS OF EMPLOYEES

Not applicable.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March 2010.
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors have prepared the annual accounts on a going concern basis.

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

There is no conservation of energy, technology absorption and foreign exchange earnings and outgo.

### DIRECTORS

Mr. Narender Sapra, Director, retires by rotation and being eligible offers himself for re-appointment. Mr. Ravi Manchanda has been appointed as the Additional Director of the Company. He holds the office up to the date of ensuing Annual General Meeting. The Board recommends his re appointment. Dr. Umesh N. Saxena has resigned from the Directorship of the Company w.e.f. 20<sup>th</sup> October, 2009. The Board offers its sincere appreciation for the useful services rendered by Dr. Umesh N. Saxena during his tenure of services with the Company.

### AUDITORS

M/s R.N. Bahl & Co., Chartered Accountants, Auditors of the Company, retire and being eligible, offer themselves for re-appointment.

### GENERAL

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

For and on behalf of the Board

Place : New Delhi  
Date : 11th August, 2010

(Sudhir Avasthi)  
Director

(Narender Sapra)  
Director

# Auditors' Report

## TO THE MEMBERS OF ISPACE DEVELOPERS PVT. LTD.

We have audited the attached Balance Sheet of Ispace Developers Pvt. Ltd. as at 31st March 2010. The 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 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 misstatement. 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.

We report that:

1. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of subsection (4A) of Section 227 of companies Act, 1956, we enclose in the Annexure a statement on the matters specified in para 4 & 5 of the said order to the extent applicable.

Further to our comments as stated above:

- (i) 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;
- (ii) 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 these books.
- (iii) The Balance Sheet dealt with by this report is in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet dealt with this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written declaration received from the directors and taken on record by the Board of Directors we report that none of the Directors was disqualified as at 31.3.2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information as required by the Companies Act, 1956 in the manner so required and read with Note No.2 of Notes on accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010.

New Delhi  
Dated : 11th August, 2010

For R.N. BAHL & CO.  
Chartered Accountants  
R.N. Bahi  
(Partner)  
Membership No. FCA 2277

# Annexure to the Auditors' Report

Referred to in paragraph 1 of our report of even date to the members of Ispace Developers Pvt. Ltd.

1. (a) Company is setting up an IT Park. Expenses incurred towards project are transferred to Capital work in Progress. At the Balance Sheet, there is no significant physical Fixed Asset except land acquired from Holding Company. As informed by the Management requirement of fixed asset Register at this stage is not applicable.  
(b) In view of 1(a) requirement regarding physical verification of fixed assets etc., are not applicable.  
(c) Company has not disposed substantial part of fixed assets.
2. Company does not hold inventory at the year end.
3. (a) Company has not granted any loans to the parties listed in the Register maintained under section 301 of Companies Act, 1956. Company has taken/ given interest free loan from/to its Holding Company and the net amount due from it at the year end is Rs.3.42 crores.  
(b) In our opinion the terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
4. Company is setting up IT park and is in the process of putting up the adequate mechanism of internal checks/ control commensurate with the size of the company and nature of activities carried out. We have not come across of any major weakness in the internal control system.
5. In our opinion and according to explanations given to us and as certified the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. Company has not entered into any transactions of purchase and sale of goods/services with the parties listed in the Register under section 301 of Companies Act, 1956.
7. Company has not accepted any deposits from the Public during the year.
8. Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
9. Internal Audit has been carried out by the Internal Chartered Accountant. Considering the volume and nature of transactions carried, we are of the opinion that Internal Audit is commensurate with the size and nature of business.
10. Company has issued Corporate Guarantee of Rs.82.54 crores in favour of State Bank of Patiala for grant of credit facilities to holding company by creating a first charge by equitable mortgage in respect of Company's immovable property situated in Plot No.5, Sector 18, Maruti Industrial Complex, Gurgaon, Haryana. Total outstanding of credit facilities of holding company as at 31.3.2010 is Rs.43.56 crores.
11. Company has issued equity shares and preference shares to its holding company against consideration of purchase of land as described in detail in Note No.4 of Notes on Accounts.
12. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
13. Other requirements of order are not applicable and hence not reported.

New Delhi  
Dated : 11th August, 2010

For R.N. BAHL & CO.  
Chartered Accountants  
R.N. Bahl  
(Partner)  
Membership No. FCA 2277

# ISPACE DEVELOPERS PRIVATE LIMITED

## Balance Sheet

as at 31st March, 2010

	2009-10 Rs. '000	2008-09 Rs. '000
<b>SOURCES OF FUNDS</b>		
<b>Authorised Capital</b>		
1,50,00,000 Equity Shares of Rs. 10/- each	150,000	150,000
3,50,00,000 Non Commulative 8% preference shares of Rs. 10/- each	<u>350,000</u>	<u>350,000</u>
<b>Issued, Subscribed and Paid-up Capital</b>		
41,19,900 Equity Shares of Rs. 10/- each	41,199	41,199
1,18,90,100 Non Commulative Preference Shares of Rs. 10/- each	<u>118,901</u>	<u>118,901</u>
	160,100	160,100
<b>Unsecured Loans</b>		
From Holding Company	34,212	34,212
Convertible Loans from Promoters of Holding Company.	73,000	73,000
	<u>267,312</u>	<u>267,312</u>
<b>TOTAL</b>		
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Land & Building	160,000	160,000
Computers	101	101
Office Equipments	10	10
Furniture & Fixtures	72	72
	<u>160,183</u>	<u>160,183</u>
<b>Current Assets, Loans &amp; Advances</b>		
Bank Balance in current account	30	42
Loan & Advances (Holding Company)	60,000	60,000
	<u>60,030</u>	<u>60,042</u>
Less: Current Liabilities & Provisions	783	47
	<u>783</u>	<u>47</u>
<b>Net Current Assets</b>	<u>59,247</u>	<u>59,995</u>
<b>Preliminary/Pre-operative expenses pending allocation</b>	47,882	47,134
<b>TOTAL</b>	<u>267,312</u>	<u>267,312</u>

Significant Accounting Policies and Notes to Accounts form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

**R.N. Bahl**

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Date : 11th August, 2010

Place : New Delhi

(Sudhir Avasthi)  
Director

(Narender Sapra)  
Director



## **SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

### **Significant Accounting Policy**

1. Company follows mercantile system of Accounting. The accounts have been prepared in accordance with historical cost convention applicable Accounting Standards issued by ICAI and relevant provisions of Companies Act, 1956.
2. Fixed Assets are stated at cost. In regard to new project, all expenses incurred upto commencement of Business on commercial scale are carried to pre-operative expenses to be apportioned to respective Assets.
3. Depreciation on Fixed Assets is provided on straight line method as per rates prescribed under Schedule XIV of the Companies Act 1956 from the year of actual commencement of business.
4. Interest and other costs that are directly attributable to the acquisition construction or production of a qualifying asset in terms of AS-16 are carried to pre-operative expenses to be apportioned to respective Assets.

### **Notes to Accounts:**

#### 1) Contingent Liabilities:

Company has issued Corporate Guarantee of Rs.82.54 crores in favour of State Bank of Patiala for grant of credit facilities to holding company by creating a first charge by equitable mortgage in respect of Company's immovable property situated in Plot No.5, Sector 18, Maruti Industrial Complex, Gurgaon, Haryana. Total outstanding of credit facilities of holding company as at 31.3.2010 is Rs.43.56 crores.

- 2) Company is setting up IT Park. All expenses incurred are transferred to pre-operative expenses pending allocation. Therefore no Profit & Loss Account is prepared.

# ISPACE DEVELOPERS PRIVATE LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.

161362

State Code

55

Balance Sheet Date

31

03

2010

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

267312

Total Assets

267312

Sources of Funds

Paid-up Capital

160100

Reserves & Surplus

NIL

Secured Loans

NIL

Unsecured Loans

107212

Application of Funds

Net Fixed Assets

160183

Investments

NIL

Net Current Assets

59247

Preoperative Expenses

47882

Accumulated Losses

NIL

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover

NIL

Total Expenditure

NIL

+ / -

Profit/Loss before Tax

NIL

+ / -

Profit/Loss after Tax

NIL

+ |

+ / -

Earning per share in Rs.

NIL

Dividend rate %

NIL

+ |

### V. Generic names of three principal products of Company

Item Code (No.)

N.A.

Product Description

Real Estate



## Auditors' Report

The Board of Directors  
Milkfood Limited,  
5th Floor, Bhandari House, Nehru Place,  
New Delhi-110 019

We have examined the attached Consolidated Balance Sheet of Milkfood Limited and its subsidiary as at 31-3-2010, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

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

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

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

- (a) the Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Milkfood Limited and its subsidiary as at 31.03.2010.
- (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Milkfood Limited, and its subsidiary for the year ended on that date; and
- (c) In case of Consolidated Cash Flow Statement, on the consolidated cash flow of the company and its subsidiary for the year then ended.

For R.N. BAHL & Co.  
Chartered Accountants

R.N. BAHL  
(Partner)  
Membership No. 2277

Place: New Delhi  
Dated: 11<sup>th</sup> August, 2010

# Consolidated Balance Sheet

as at 31st March, 2010

	Schedule	2009-2010 Rs.'000	2008-2009 Rs.'000
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	48,853	48,853
Reserves and Surplus	2	208,191	245,096
<b>LOAN FUNDS</b>			
Secured Loans	3	465,899	472,803
Unsecured Loans		444,210	208,554
Deferred Tax Liability (Net) (Note 17)	18 B	11,311	23,453
<b>TOTAL</b>		<b>1,178,464</b>	<b>998,759</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	1,221,809	1,211,775
Less: Depreciation		360,184	316,047
Net Block		861,625	895,728
Capital Work-in-progress		30,753	29,200
		892,378	924,928
<b>INVESTMENTS</b>			
CURRENT ASSETS, LOANS AND ADVANCES	5	42,540	42,541
Inventories	6	515,150	347,984
Sundry Debtors	7	93,941	18,354
Cash and Bank Balances	8	48,782	12,491
Loans and Advances	9	107,803	58,932
		765,676	437,761
Less: Current Liabilities & Provisions Liabilities	10	570,012	453,605
		570,012	453,605
<b>Net Current Assets</b>		<b>195,664</b>	<b>(15,844)</b>
<b>Preoperative/Preliminary Expenses pending allocation</b>		<b>47,882</b>	<b>47,134</b>
<b>TOTAL</b>		<b>1,178,464</b>	<b>998,759</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

This is the Balance Sheet referred to in our report of even date

18

The Schedules referred to above form an integral part of the Balance Sheet

**R.N. Bahl**

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Place : New Delhi

Date : 11th August, 2010

**Kamlesh Gupta**  
Company Secretary

**Sudhir Avasthi**  
Finance Director

**Dr. Umesh N. Saxena**  
**Asha Gadi**  
**Amarjeet Kapoor**  
**Suresh Alipuria**  
**K.K. Kohli**  
Directors



# Consolidated Profit and Loss Account

for the year ended 31st March, 2010

	Schedule	2009-2010 Rs.'000	2008-2009 Rs.'000
<b>INCOME</b>			
Sales		3,085,867	2,336,380
Other Income	11	13,517	14,481
<b>Total</b>		<b>3,099,384</b>	<b>2,350,861</b>
<b>EXPENDITURE</b>			
Raw materials consumed		2,787,967	1,979,118
Packing material consumed		81,757	61,829
Manufacturing	12	139,972	125,460
Personnel	13	82,487	81,952
Administration	14	38,172	40,807
Selling and Distribution	15	47,222	43,137
Finance charges	16	95,466	76,035
Depreciation		48,856	37,214
		<b>3,321,899</b>	<b>2,445,552</b>
(Increase)/ Decrease in work-in-progress and finished goods	17	(173,627)	(27,536)
<b>Total</b>		<b>3,148,272</b>	<b>2,418,016</b>
<b>Profit before Tax</b>		<b>(48,888)</b>	<b>(67,155)</b>
<b>Less : Provision for Tax</b>			
a) Current Tax (115 JB of Income Tax Act)		0	695
b) Fringe Benefit Tax		0	1,522
c) Deferred Tax (Note 17)	18 B	(12,142)	(22,391)
d) Tax Adjustment for Earlier Year		0	1,086
e) Wealth Tax		159	166
<b>Profit after Tax</b>		<b>(36,905)</b>	<b>(48,233)</b>
Balance transferred to General Reserve		<b>(36,905)</b>	<b>(48,233)</b>
Basic/Diluted Earnings Per Share of Nominal Value of Rs. 10 each (Rs.) (Note 19)	18 B	<b>(7.55)</b>	<b>(9.87)</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	18		

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

The Schedules referred to above form an integral part of the Profit and Loss Account

**R.N. Bahl**

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Place : New Delhi

Date : 11th August, 2010

**Kamlesh Gupta**  
Company Secretary

**Sudhir Avasthi**  
Finance Director

**Dr. Umesh N. Saxena**  
**Asha Gadi**  
**Amarjeet Kapoor**  
**Suresh Alipuria**  
**K.K. Kohli**  
Directors

# Consolidated Cash Flow Statement

for the year ended 31st March, 2010

Particulars	31.03.2010 Rs.'000	31.03.2009 Rs.'000
<b>A. Cash flow from operating activities:</b>		
Net (loss)/profit before tax	(48,888)	(67,155)
<b>Adjustments for:</b>		
Depreciation	48,856	37,214
Interest Expense	95,466	76,035
Income from Investment - Dividends	-	-
(Profit)/Loss on Fixed Assets sold	521	1,522
Provision for Wealth Tax/Income Tax	(159)	(3,468)
Foreign Exchange Fluctuation	(315)	(4,766)
Adjustment of account of transfer of fixed assets from CWIP etc	-	-
Miscellaneous Balances Written Back	(5,869)	(4,692)
Insurance Claim Received	-	(512)
<b>Operating profit before working capital changes</b>	<b>89,612</b>	<b>34,178</b>
<b>Adjustments for changes in working capital :</b>		
- (INCREASE)/DECREASE in Sundry Debtors	(75,587)	99,128
- (INCREASE)/DECREASE in Other Receivables	(48,872)	7,780
- (INCREASE)/DECREASE in Inventories	(167,166)	(31,582)
- INCREASE/(DECREASE) in Trade and Other Payables	116,407	(3,367)
<b>Cash generated from operations</b>	<b>(85,605)</b>	<b>106,137</b>
Insurance claim received	-	512
- Taxes Refunded (Net of TDS)	-	-
<b>Net cash from operating activities</b>	<b>(85,605)</b>	<b>106,649</b>
<b>B. Cash flow from investing activities:</b>		
<b>Adjustments for changes in :</b>		
Additions during the period	(17,633)	(59,458)
Capital Work in Progress	(1,556)	(7,698)
Fixed assets taken back	-	-
Proceeds from Sale of fixed assets	2,360	9,457
Sale of Investments (Net of Purchase)	1	(41)
Dividend Received	-	-
Preliminary Expenses	(747)	(10,213)
Advances to Subsidiary	-	-
<b>Net cash used in investing activities</b>	<b>(17,575)</b>	<b>(67,953)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from Fixed deposits (Net)	37,989	32,900
Proceeds from Short Term Loan	-	-
Proceeds from Demand Loan	-	-
Proceeds from Cash Credits (Net)	(67,041)	47,427
Proceeds from Vehicle Loan	1,997	(13,291)
Proceeds from Supplier Credit	-	16
Proceeds from Term Loan	255,808	(119,654)
Proceeds from Inter Corporate & Other Deposits	-	73,000
Interest Paid	(95,466)	(76,035)
Dividend Paid	-	-
Foreign Exchange Fluctuation	315	4,766
Miscellaneous Balances Written Back and Miscellaneous Income	5,869	4,692
<b>Net cash used in financing activities</b>	<b>139,471</b>	<b>(46,179)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>36,291</b>	<b>(7,483)</b>
<b>Cash and cash equivalents as at 31.03.2009</b>	<b>12,491</b>	<b>19,974</b>
<b>Cash and cash equivalents as at 31.03.2010</b>	<b>48,782</b>	<b>12,491</b>
<b>Cash and cash equivalents comprise</b>		
Cash, Cheques & Drafts (in hand) and Remittances in transit	1,209	1,112
Balance with Scheduled Banks	47,573	11,379
<b>Total</b>	<b>48,782</b>	<b>12,491</b>

## Notes :

- The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 (Cash Flow Statements) issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflows.
- Cash and cash equivalents includes Rs.4535 thousand (Previous Year - Rs. 4576 thousand ) which are not available for use by the Company.
- Credit Facilities Available and not drawn are Term Loan of Rs. Nil and Cash Credit Limits of Rs.60188 thousand
- Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

This is the Cash flow Statement referred to in our report of even date

R.N. Bahl

Partner

Membership No. 2277

For and on behalf of

R.N. Bahl & Co.

Chartered Accountants

Place : New Delhi

Date : 11th August, 2010

Significant Accounting Policies and Notes to Account

(Schedule 18) forms an Integral part of the Cash Flow Statement

Kamlesh Gupta  
Company Secretary

Sudhir Avasthi  
Finance Director

Dr. Umesh N. Saxena  
Asha Gadi  
Amarjeet Kapoor  
Suresh Alipuria  
K.K. Kohli  
Directors

## Schedules

### Schedules Forming part of the Consolidated Balance Sheet

1. SHARE CAPITAL	2009-2010 Rs.'000	2008-2009 Rs.'000
<b>Authorised</b>		
2,25,00,000 Equity Shares of Rs. 10 each	225,000	225,000
50,000 Redeemable Cumulative Preference Shares of Rs. 100 each	5,000	5,000
3,50,00,000 Non Cumulative 8% Preference Shares of Rs. 10 each	<u>350,000</u>	<u>350,000</u>
	<u>580,000</u>	<u>580,000</u>
<b>Issued</b>		
48,87,890 Equity Shares of Rs. 10 each	48,879	48,879
<b>Subscribed and Paid up</b>		
48,86,440 Equity Shares of Rs. 10 each	48,865	48,865
Less: Calls in arrears	19	19
	<u>48,846</u>	<u>48,846</u>
Amount paid on 1450 Forfeited Shares	7	7
	<u>48,853</u>	<u>48,853</u>
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	1	1
<b>Share Premium Account</b>		
As per last Balance Sheet	66,988	66,988
<b>General Reserve</b>		
As per last Balance Sheet	178,107	226,340
Add : Transferred from Profit & Loss Account	<u>(36,905)</u>	<u>(48,233)</u>
	<u>141,202</u>	<u>178,107</u>
	<u>208,191</u>	<u>245,096</u>
<b>3. LOAN FUNDS [SCHEDULE 18B(4,5)]</b>		
<b>SECURED</b>		
From Bank		
Cash Credit	139,812	206,853
From Bank		
Term Loan	295,799	237,659
Vehicle Loan		
(i) From Bank	692	6,586
(ii) From Other	<u>29,596</u>	<u>21,705</u>
	<u>465,899</u>	<u>472,803</u>
<b>UNSECURED</b>		
Fixed Deposits	105,087	67,098
Inter Corporate Deposits	68,455	68,456
Loan From Promoters	73,000	73,000
Term Loan		
From Bank	197,668	-
	<u>444,210</u>	<u>208,554</u>

#### 4. FIXED ASSETS [SCHEDULE 18A(2,3,11) 18B(10,11)]

(Rs.'000)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	01.04.2009	Additions	Deletion	31.03.2010	01.04.09	For the year	On Deductions	Up to 31.03.2010	31.03.2010	31.03.2009
Freehold Land	71,613			71,613					71,613	71,613
Buildings	194,388	709		195,097	43,192	5,522		48,714	146,383	151,196
Plant & Machinery	888,400	16,739		905,139	247,455	39,256		286,711	618,428	640,945
Furniture, Fixtures and Equipments	11,545	131		11,676	8,697	371		9,068	2,608	2,848
Vehicles	45,829	54	7,599	38,284	16,703	3,707	4,719	15,691	22,593	29,126
<b>Total</b>	<b>1,211,775</b>	<b>17,633</b>	<b>7,599</b>	<b>1,221,809</b>	<b>316,047</b>	<b>48,856</b>	<b>4,719</b>	<b>360,184</b>	<b>861,625</b>	<b>895,728</b>
Previous year	1,159,973	68,571	16,769	1,211,775	275,494	46,327	5,774	316,047		
Capital work in progress(Including capital advance Rs.1030 thousand (Previous year Rs.2707 thousand))									30,753	29,200
Grand Total									<b>892,378</b>	<b>924,928</b>

#### 5. INVESTMENTS [SCHEDULE 18 A (4) 18B (12)]

2009-2010  
Rs.'000

2008-2009  
Rs.'000

##### OTHER INVESTMENTS (Long Term)

##### IN PREFERENCE SHARES,(NON TRADE,UNQUOTED)

Grand Regency & Hospitalities Pvt. Ltd.

2% Redeemable, Non Cumulative

425,000 shares of Rs 100 each fully paid

National Saving Certificate

42,500  
40

42,500  
41

42,540

42,541

Aggregate Value of Unquoted Investments

42,540

42,541

#### 6. INVENTORIES [Schedule 18A(5) 18B (13(1))]

Stores and Spare Parts

22,894

25,400

Raw and Packing Material

9,378

13,333

Finished Goods

464,873

296,701

Work-in-Progress

16,005

12,550

515,150

347,984

#### 7. SUNDRY DEBTORS

Debts outstanding for a period exceeding 6 months

- Unsecured

698

910

Other debts

- Secured

1,563

4,058

- Unsecured

91,680

13,386

93,941

18,354



**8. CASH AND BANK BALANCES**

	2009-2010 Rs.'000	2008-2009 Rs.'000
Cash in hand	1,209	1,112
Balances with Scheduled Banks		
On Current accounts	37,710	5,238
On Deposit accounts	9,863	6,141
Notes		
Includes Rs. 4535 thousand as Margin Money for Bank Guarantee (Previous year Rs.4476 thousand)		
	<b>48,782</b>	<b>12,491</b>

**9. LOANS AND ADVANCES [Schedule 18B(6)(2)16]**

Unsecured, considered good -		
Advances recoverable in cash or kind or for value to be received	95,806	48,908
Advances to Wholly Owned Subsidiary	-	-
Security Deposits	9,111	8,804
Interest accrued on deposits	1,014	594
Advance Tax (Net of Provision)	1,872	626
	<b>107,803</b>	<b>58,932</b>

**10. CURRENT LIABILITIES AND PROVISIONS [SCHEDULE 18B(15)]**
**Current Liabilities**

Sundry Creditors - Total Outstanding dues of Creditors other than Small Scale Industrial Undertakings	336,679	384,984
Advances/Deposits from Customers	167,025	51,929
Other liabilities	61,066	14,129
Interest accrued but not due	5,083	2,397
Taxation (Net of Advance Tax)	-	-
Wealth Tax	159	166
	<b>570,012</b>	<b>453,605</b>

**11. OTHER INCOME [SCHEDULE 18 B (7.13(2))]**

Insurance Claim received	-	512
Exchange Fluctuation and Export entitlement	7,722	6,060
Miscellaneous	5,795	7,909
	<b>13,517</b>	<b>14,481</b>

**12. MANUFACTURING**

Consumption of stores and spare parts (Excluding Rs.5814 thousand charged to other revenue heads of accounts, Previous year Rs. 6522 thousand)	11,266	9,345
Power and Fuel	91,775	80,587
Conversion Charges	29,431	27,649
Repairs - Building	98	529
- Machinery	5,406	5,560
ISI & Agmark Charges and ISO Charges	1,996	1,790
	<b>139,972</b>	<b>125,460</b>

**13. PERSONNEL**

	2009-2010 Rs.'000	2008-2009 Rs.'000
Salaries, wages, bonus, gratuity and hired services	74,401	73,646
Contribution to Provident	4,559	4,823
Staff welfare	3,527	3,483
	<u>82,487</u>	<u>81,952</u>

**14. ADMINISTRATION**

Rent	1,322	2,881
Rates and taxes (including prior period expenses Rs.34 thousand)	638	1,160
Insurance	5,233	5,082
Directors' fees	11	15
Miscellaneous expenses (includes prior period expenses Rs.278 thousand)	30,968	31,669
	<u>38,172</u>	<u>40,807</u>

**15. SELLING & DISTRIBUTION EXPENSES**

Freight & Forwarding Expenses	34,981	27,768
Commission	5,588	7,996
Other Expenses	6,653	7,373
	<u>47,222</u>	<u>43,137</u>

**16. FINANCE CHARGES**

<b>Interest Paid</b>		
On Fixed Loans	50,377	32,577
Others	45,958	44,014
	<u>96,335</u>	<u>76,591</u>
<b>Interest Received (Tax deducted at source Rs.124 thousand Previous Year Rs. 109 thousand)</b>		
Interest on Bank deposits	(869)	(556)
	<u>(869)</u>	<u>(556)</u>
	<u>95,466</u>	<u>76,035</u>

**17. (INCREASE)/DECREASE IN WORK-IN-PROGRESS  
AND FINISHED GOODS**

<b>Opening Stocks</b>		
Work-in-progress	12,550	23,454
Finished Goods	296,701	258,261
	<u>309,251</u>	<u>281,715</u>
<b>Closing Stocks</b>		
Work-in-progress	18,005	12,550
Finished Goods	464,873	296,701
	<u>482,878</u>	<u>309,251</u>
(Increase)/Decrease	<u>(173,627)</u>	<u>(27,536)</u>

## 18. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation of Accounts

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

#### 2. Fixed Assets

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

#### 3. Depreciation on Fixed Assets

Depreciation on fixed assets is provided on the straight-line method at the rates and manner as specified in schedule XIV of the Companies Act, 1956. Depreciation in respect of stores capitalized in plant and machinery is charged on the basis of estimated useful life of the respective assets following written down method. In respect of Assets held for disposal for discontinued operations, depreciation is provided if the net realizable value is less than the carrying amount.

#### 4. Investments

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

#### 5. Inventories

Inventories are valued at lower of cost or net realisable value except in case of Casein which is valued at net realizable value determined on the basis of prevalent international market prices. Cost is determined on a weighted average basis. In case of finished goods, Fixed, Variable and Administrative overheads are loaded on absorption costing basis. Net realizable value is determined by taking average of market prices of goods sold subsequent to the date of balance sheet.

#### 6. Retirement Benefits (Revised)

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

- (1) Short-term benefits are recognized as expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.
- (2) Leave encashments are not carried forward on year to year basis and facility is granted to employees only in the year of determination of service. Therefore no provision of leave encashment is made on year to year basis.
- ~~(3) 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.~~
- (4) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholetime 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. 3.50 lakhs. Company accounts for gratuity in the books on actual payment basis. Vide Government of India Notification published in the Official Gazette the limit of Rs. 3.50 lakhs has been increased to Rs. 10.00 Lakhs.
- (5) 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.

#### 7. Revenue Recognition

- (i) 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.
- (ii) Export entitlements i.e. duty free scrips are accounted for on the basis of export of goods on FOB value determined for custom purpose.

- (iii) In respect of entitlements under clear development mechanism (CDM) of Kyoto Protocol Income is accounted on the basis of estimated valuation made by the Consultant appointed by the Company for the final registration with UNFCCC. The expenditure incurred representing payments made for Registration are charged over a period of 2 years during which benefit is likely to accrue.

**8. 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 (also refer Note 17 of Schedule 18 B).

**9. 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.

**10. Foreign Currency Transactions**

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on estimated rate on the date of despatch 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.

**11. Intangible Assets**

In accordance with AS-26 – expenses incurred on development/defining the manufacturing process of any product to meet the required standards is recognized as Intangible Asset and is amortized over a period of 10 years. The amount amortised during the year is Rs. 59.67 lakhs (Previous Year Rs. 4.30 lakhs).

**12. Managerial Remuneration:**

Company has paid remuneration of Rs. 69.74 lakhs to its Managerial Personnel. Company is of the view and has taken legal opinion that in view of inadequacy of profits u/s 198 read with section 349 of Companies Act, 1956 remuneration paid during the year is within the prescribed limit of Section II of part II of Schedule XIII of Companies Act, 1956 computed on yearly basis of combined entitlements of Managerial Personnel during the year.

**B) NOTES TO ACCOUNTS**

1. Contingent liabilities:  
Claims not acknowledged as debts Rs. 755.93 lacs net of tax Rs. 670.28 lacs (Previous year Rs. 736.68 lacs net of tax Rs. 653.21 lacs).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 1.51 lacs ( Previous year Rs. 39.52 lacs)
3. Equity shares capital include 30,10,225 Equity Shares (Previous year 30,10,225) allotted by way of Bonus Shares by capitalisation of General Reserve/Share Premium Account.
4. (i) Cash Credit, Term Loan and other term loans sanctioned by State Bank of Patiala is secured by first and exclusive charge on all present and future current assets and fixed assets including Plant & Machinery/immovable properties situated at Bahadurgarh & Moradabad together with all Buildings and structures thereon, equitable mortgage of land & building at Gurgaon in the name of Ispace Developers Pvt Ltd and exclusive charge on company's Brand 'milkfood'. The Bank has also extended supply line of credit to the extent of Rs. 8 crores against which company has created a charge on its immovable assets.  
(ii) Vehicles Loans are secured against hypothecation of vehicles.  
(iii) Term Loans payable within one year are Rs. 859 lacs (Previous Year 1016.27 lacs).
5. Unsecured Loans (Schedule 3) include deposits of Rs. 3.13 lacs (Previous year - Rs. 0.70 lacs) matured but not claimed. Deposits for Rs. 2.23 lac have since been renewed.

6. Loans and advances (Schedule 9) includes amount due from Directors of the Company as at 31<sup>st</sup> March, 2010 Rs. 0.24 lacs (Previous Year Rs. 1.39 lacs). Maximum amount due at any time during the year Rs. 4.07 lacs (Previous year Rs. 3.95 lacs). Current Liabilities (Schedule 10) includes Rs. 0.11 lacs due to directors of the Company (Previous Year Rs. 1.20 lacs). Maximum amount due during the year Rs. 0.11 lacs.
7. Loans and Advances/sales include Rs. 3.20 crores towards sale of Carbon credits under Clean development mechanism (CDM) of Kyoto Protocol pending final registration with UNFCCC and actual sales in the International market.
8. No provision for gratuity liability as on 31<sup>st</sup> March, 2010 amounting to Rs. 184.72 lacs (Previous year Rs. 213.67 lacs) calculated in accordance with actuarial valuation as per AS-15 (Revised), of which Rs. NIL relates to current year (Previous year Rs. 46.03 lacs) has been made in these accounts. Above calculations are based upon the limit of Gratuity of Rs. 3.5 lakhs instead of revised limit of Rs. 10.00 lakhs per employee under the payment of Gratuity Act, 1972.
9. As per information available with the company there is no amount due to any party under Micro, Small and Medium Enterprises Development Act, 2007.
10. Land purchased at Moradabad includes Land valued at Rs. 85.09 lacs (previous year Rs. 85.09 lacs) for which agreement to purchase has been entered and steps are being taken to register the land in the name of the company.
11. Assets at Gurgaon:
  - (a) Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs. 26.44 lacs (Previous year Rs. 31.78 lacs).
  - (b) A sum of Rs. 4.00 lacs has been charged to Profit and Loss Account on account of reduction in estimated realizable value in respect of general stores of Rs. 40.79 lacs (previous year Rs. 44.79).
12. The Company had invested Rs. 425 lacs in the preference share capital of M/s Grand Regency Hospitality Pvt Ltd. The investee company has stopped the business as the lease of the premises occupied by it could not be renewed. The investee company is finalizing new lease and other options to carry on the business. Considering the estimated fair value of the brand of the investee company and other net realizable value of the assets, the company is of the view that no provision is required in this year as the diminution in the value of investment due to suspension of business by the investee company is temporary in nature.
13.
  - (i) Stocks on consignment of Rs. 1.08 crores remains unconfirmed at the year end.
  - (ii) Miscellaneous receipts includes Rs. 17.70 lakhs representing differential amount on account of revision of rates of sales.
14. In conformity with Accounting Standard AS-28 issued by the ICAI, the total carrying amount of assets including intangible assets is Rs. 4027 lacs of Casein Plant. The Company in the year 2008-09 had projected the future cash inflow of 4 years from the said plant and calculated the present value @12% of Rs. 5646 lacs. Company has made sales of Rs. 6.77 crores during the financial year 2009-10 against the projected sales of Rs. 35.17 crores. Company has reprojected the future cash flow of 10 years based upon the current and likely economic scenario and has recalculated the present value @ 12% of Rs. 4844 lacs against the carrying amount of Rs. 4027 lacs. Therefore in the opinion of Management there is no impairment of assets within the meaning of AS-28.
15. Current Liabilities includes Rs. 9.00 crores received from a Company as interest free deposit for short term purposes.
16. Loans & Advances include Rs. 8.75 lacs recoverable on account of Sales Tax of earlier years which are outstanding from earlier years:
17. Deferred Tax
 

As per Accounting Standard (AS-22), "Accounting for Taxes on Income" issued by the ICAI, Deferred Tax Asset (Net) for the year has been accounted for at Rs. 121.42 lacs as income (Previous Year Rs. 223.91 Lacs as income) in the Profit & Loss Account.

Deferred Tax Liability (Net) as at 31<sup>st</sup> March 2010 is net of deferred tax asset in respect of unabsorbed depreciation of Rs. 2620.47 lacs (Previous Year Rs. 1844.01 lacs). Deferred Tax Asset has been recognized in cases where the company has been allowed relief in first appeal in respect of addition/disallowances made in assessment proceedings of Income Tax.

The details regarding components of deferred tax are given below:

Particulars	(Rs. '000)		
	Opening as on 01/04/2009	Charge/(Credit) during the year	Closing as on 31/03/2010
<b>Deferred Tax Liability</b>			
-Depreciation	80,433	11,850	92,283
<b>Deferred Tax Asset</b>			
Unabsorbed Depreciation	(56,980)	(23,992)	(80,972)
<b>Total</b>	<b>23,453</b>	<b>(12,142)</b>	<b>11,311</b>

18. Related Party Disclosures

In accordance with the requirements of Accounting Standard 18 on the Related Party Disclosures, the transactions and Related Parties with whom transactions have taken place during the year are as follows:

(A) Related parties and transactions with them as identified by the management are given below:

List of related parties with whom transactions have taken place.

(a) Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence -

- Jagatjit Industries Ltd. (Associate Concern)
- Ispace Developers Pvt. Ltd. (Wholly owned subsidiary)

(b) Key Management Personnel (Directors) and their relatives

- Dr. Umesh N. Saxena  
 Mr. Sudhir Avasthi  
 Mr. Narender Sapra  
 Ms. Asha Gadi  
 Mr. Suresh Alipuria  
 Mr. Amarjeet Kapoor  
 Mr. K.K. Kohli  
 Mr. Nitin Saxena (son of Dr. Umesh N. Saxena)  
 Mr. Udit Saxena (son of Dr. Umesh N. Saxena)

(B) Details of Transactions carried out with related party in the ordinary course of business :

(Rs. in '000)

	For the Year Ended 31st March, 2010			For the Year Ended 31st March, 2009		
	With Persons Mentioned in Clause	With Persons Mentioned in Clause	Total	With Persons Mentioned in Clause	With Persons Mentioned in Clause	Total
	20 (A) (a)	20 (A) (b)		22 (A) (a)	22 (A) (b)	
Electricity expenses Paid	854	—	854	814	—	814
Telephone Expenses Paid	119	—	119	152	—	152
Rent paid	397	—	397	404	1050	1454
Interest received	—	—	—	—	—	—
Interest Paid	—	698	698	—	268	268
Salary and travelling expenses	—	—	—	—	5900	5900
Amount received for Services Rendered	6291	—	6291	1125	—	1125
Reimbursement of Expenses	15423	—	15423	21624	—	21624
Managerial Remuneration	—	6974	6974	—	6092	6092
Variable Processing Charges	16038	—	16038	18109	—	18109
Investment	—	—	—	80000	—	80000
Sales of Assets	965	—	965	85867	—	85867
Purchases	4499	—	4499	741	—	741
Sales	33682	—	33682	53791	—	53791
Advances Given	—	—	—	150	—	150
Advances Received	—	—	—	73000	—	73000
Outstanding payables, net of receivable Guarantees & Collaterals	11767	4986	16753	(17977)	5259	(12718)
	—	—	—	444511	—	444511

Notes:

The above information has been compiled on the basis of disclosures received from all directors of the Company

The above payments do not include expenses incurred / reimbursed to key management personnel in the course of business.

19. Earnings Per Share (EPS) - The numerators and denominators used to calculate Basic/Diluted Earnings Per Share:

	Year ended March 31st, 2010	Year ended March 31st, 2009
Profit attributable to the Equity Shareholders (Rs. '000) (A)	(36905)	(31767)
Basic/Diluted Average Number of Equity Shares outstanding During the year (B)	48,86,440	48,86,440
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Diluted Earnings Per Share (Rs.) (A)/(B)	(7.55)	(6.50)

20. Amount paid/payable to Auditors:

	2009-2010 Rs. '000	2008-2009 Rs. '000
Audit Fees	1,213	1,213
In Other Capacity	119	165
Out of Pocket Expenses	152	78
Total	<u>1,484</u>	<u>1,456</u>

21. Managerial remuneration:

	2009-2010 Rs. '000	2008-2009 Rs. '000
Salary	4,980	5,030
Contribution to Provident Funds	576	528
Perquisites	1,408	519
Sitting Fees	10	15
Total	<u>6,974</u>	<u>6,092</u>

22. Previous Years figures have been recast /regrouped where ever necessary in order to conform to the current years' presentation.

# ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010.

## 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 a fuel efficient boiler. After implementation of the above measures, lower energy consumption has resulted in reduction of cost of processing.  
Details pertaining to energy consumption as prescribed are given hereunder:

### FORM A

Form for disclosure of particulars with respect to conservation of energy for the year ended 31<sup>st</sup> March, 2010.

		Year ended 31.03.2010	Year ended 31.03.2009
A) Power and Fuel consumption			
1) Electricity			
a) Purchased			
Units		4,704,050	4,139,120
Total Value	(Rs.)	24,908,385	20,038,587
Rate/Unit	(Rs.)	5.30	4.84
b) Own Generation			
(i) Through Diesel Generator			
Units		331,411	281,052
Total Value	(Rs.)	3,747,141	3,487,797
Unit per litre of:			
Diesel Oil		2.98	2.79
Cost/Unit	(Rs.)	11.31	12.41
(ii) Through Steam Turbine			
Units		1,842,372	1,730,712
Total Value	(Rs.)	-	-
Unit per Kgs of:			
Steam		0.03	0.03
Cost/Unit	(Rs.)	-	-
2) Others/Internal Generation			
Rice Husk/Petroleum Coke/Charcoal Buggase/Fire Wood			
Quantity (Tonnes)		25,684	20,293
Total Amount	(Rs.)	61,108,092	61,453,685
Avg. Rate	(Rs.)	2,379	3,028

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

## 2. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in note no. 18 B(24) and 18 B(25) in Schedule No. 18 – Significant Accounting Policies and Notes to Accounts. Members are requested to please refer to these notes for the relevant information.





## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.

3746

State Code

16

Balance Sheet Date

31

03

2010

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

12,72,174

Total Assets

12,72,174

Sources of Funds

Paid-up Capital

48,853

Reserves &amp; Surplus

3,14,901

Secured Loans

4,65,899

Unsecured Loans

4,31,210

Deferred Tax Liabilities

11,311

Application of Funds

Net Fixed Assets

8,38,903

Investments

2,02,640

Net Current Assets

2,30,631

Misc. Expenditure

NIL

Accumulated Losses

NIL

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover including other income

30,99,384

Total Expenditure

31,48,272

+/-

-

Profit/Loss before Tax

48,888

+/-

-

Profit/Loss after Tax

36,905

+/-

-

Earning per share in Rs.

7.55

Dividend rate %

NIL

### V. Generic names of three principal products of Company

Item Code (ITC No.)

04059020

Product Description

Ghee

Item Code (ITC No.)

04021010

Product Description

Skimmed Milk Powder

Item Code (ITC No.)

04022910

Product Description

Whole Milk Powder

Item Code (ITC No.)

35011000

Product Description

Casein

Item Code (ITC No.)

04041020

Product Description

Whey Powder