

# MILKFOOD LIMITED

5th Floor, 91, Bhandari House, Nehru Place, New Delhi-110 019  
Ph.: 26460670-4 / 26463773 Fax : 011-26460823  
E-mail : milkfoodltd@milkfoodltd.com, Website : www.milkfoodltd.com  
CIN : L15201PB1973PLC003746

MFL\SCY\2016 - 17  
The General Manager  
The Department of Corporate Services,  
The Bombay Stock Exchange Ltd.,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

14<sup>th</sup> October, 2016

**Sub: Annual Report of the Annual General Meeting**  
**Ref. Scrip Code No.: 507621**

Dear Sir,

Pursuant to the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report which is approved and adopted by the Shareholders in the 43<sup>rd</sup> Annual General Meeting of the Milkfood Limited held on 29<sup>th</sup> September, 2016.

This is for your information and records.

Thanking You,

Yours faithfully,

For MILKFOOD LIMITED



(Rakesh Kumar Thakur)  
Company Secretary

Encl.: As above



milkfood

# MILKFOOD LIMITED

Annual Report

for the year ended 31st March, 2016



milkfood

**BOARD OF DIRECTORS**

ASHA GADI  
AMARJEET KAPOOR  
ANIL GIROTRA  
KEWAL KRISHAN KOHLI

**AUDITORS**

Madan & Associates  
Chartered Accountants  
New Delhi

**BANKERS**

State Bank of Patiala  
Canara Bank

**REGISTERED OFFICE**

Bahadurgarh  
Distt. Patiala-147021  
(Punjab)

**WORKS**

Bahadurgarh  
Distt. Patiala-147021  
(Punjab)

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

**HEAD OFFICE**

Bhandari House  
91, Nehru Place  
New Delhi-110 019

<b>CONTENTS</b>	<b>Page No.</b>
Directors' Report	1
Corporate Governance Report	19
Auditors' Report	29
Balance Sheet	34
Statement of Profit & Loss	35
Cash Flow	36
Notes	37
Consolidated Balance Sheet	51

# Directors' Report

## TO THE MEMBERS

The Directors present their 43rd Annual Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2016.

### 1. FINANCIAL RESULTS

	(Rs./Lacs) 2015-16	(Rs./Lacs) 2014-15
Profit/(Loss) after charging all expenses before depreciation	841	807
Deduct: Depreciation	688	636
Profit/(Loss) for the year	<u>153</u>	<u>171</u>
Current Tax	30	34
Deferred Tax	30	37
Profit/(Loss) after tax before discontinuing operation	<u>93</u>	<u>100</u>
Profit/ (Loss) from discontinuing operation	-	-
Transferred to General Reserve	<u>93</u>	<u>100</u>

### 2. OPERATIONS

During the period under Report, the Company's sales and other income are Rs.37301 lacs and cash profit is Rs.841 lacs as compared to last year's figures of Rs.37249 lacs and cash profit of Rs.807 lacs respectively. After depreciation, the profit for the year is Rs.153 lacs as compared to the profit of Rs. 171 lacs in the previous year.

### 3. DIVIDEND

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

### 4. FIXED DEPOSITS

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

- (a) Accepted during the year - Nil;
- (b) There were 25 unpaid/unclaimed fixed deposits with the Company amounting to Rs.19.13 Lacs as at the end of the year;
- (c) There has not been any default in repayment of deposits or payment of interest thereon during the year.

### 5. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

### 6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

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

## **8. DIRECTORS**

Mr. Amarjeet Kapoor, Director (DIN: 00122843) retires by rotation and, being eligible, offers himself for re-appointment as the Director of the Company. The Board recommends his re-appointment.

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

During the year, following changes have occurred in the Directorship of the Company:

- Ms. Gita Bawa (DIN 00111003) was appointed as an Additional Director in the category of Independent Director w.e.f. 30.05.2016.
- Mrs. Sushma Sagar (DIN 02582144) was appointed as an Additional Director in the category of Non Executive Non Independent Director w.e.f. 30.05.2016.

Ms. Gita Bawa was appointed as an Additional Director in the category of Independent Director on the Board of the Company. Pursuant to Section 161 of the Companies Act, 2013, Ms. Gita Bawa holds office only upto the date of the forthcoming Annual General Meeting of the Company and in accordance with the requirements of Section 150 and 152 of the Companies Act, 2013, her continuance as an Independent Director requires the approval of the Members of the Company in the ensuing Annual General Meeting. The Company has received a Notice in writing alongwith requisite deposit under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director. The Board recommends her appointment for a period of 5 years with effect from 30th May, 2016.

Mrs. Sushma Sagar was appointed as an Additional Director in the category of Non Executive Non Independent Director on the Board of the Company. As per the provisions of Section 161 of the Companies Act, 2013, Mrs. Sushma Sagar holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received a Notice in writing alongwith requisite deposit under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director. The Board recommends her appointment at the ensuing Annual General Meeting.

Mr. K. K. Kohli continues to be the Non Executive Non Independent Director of the Company.

Mrs. Asha Gadi and Mr. Anil Girotra continue to hold the office as the Independent Directors of the Company.

## **9. DECLARATION OF INDEPENDENCE**

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

## **10. FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS**

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

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

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

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

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

## **13. COMMITTEES**

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

## **14. KEY MANAGERIAL PERSONNEL**

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



## 15. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) that in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 16. RELATED PARTY TRANSACTIONS

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

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

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

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

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

## 17. AUDITORS

### 17.1 STATUTORY AUDITORS

M/s. Madan & Associates, Chartered Accountants, (FRN-000185N), were appointed as the Statutory Auditors in the 42nd Annual General Meeting (AGM) held on 29th September, 2015 to hold the office from the conclusion of that AGM till the conclusion of the 44th AGM to be held in the year 2017, subject to ratification of their appointment by the members of the Company at every subsequent AGM. The Board of Directors of your Company seeks ratification of the appointment of Statutory Auditors at the ensuing AGM. They have given their eligibility certificate & consent for the proposed ratification.

### 17.2 AUDITORS' REPORT

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

### 17.3 SECRETARIAL AUDITORS

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

### 17.4 INTERNAL AUDITORS

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

### 17.5 COST AUDITORS

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

However, by virtue of Cost Audit Order notified by the Ministry of Corporate Affairs dated 31st December, 2014, the Company is again covered under the purview of cost audit for the financial year 2015-16.

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s. R. J. Goel & Co., Cost Accountants (Firm Registration No.000026) have been appointed as the Cost Auditors of the Company.

#### **18. REMUNERATION POLICY**

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

#### **19. RISK MANAGEMENT POLICY**

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

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

#### **20. PERFORMANCE EVALUATION**

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

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

Performance evaluation of Directors:

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

Performance evaluation of Board and Committees:

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

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

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

#### **22. CORPORATE SOCIAL RESPONSIBILITY**

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

#### **23. CORPORATE GOVERNANCE REPORT**

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

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

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

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

The shares of your Company are listed at the BSE Ltd. vide Stock Code: 507621. The listing fee for the financial year 2016-17 has been paid.

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

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

**27. EXTRACT OF ANNUAL RETURN**

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

**28. PARTICULARS OF EMPLOYEES**

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

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

**29. GREEN INITIATIVES**

Electronic copies of the Annual Report 2016 and Notice of the 43rd AGM are being sent to all members whose email addresses are registered with the Company /RTA/ Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2016 and the Notice of the AGM are being sent by the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Annual Report 2016 is also available on our website, [www.milkfoodltd.com](http://www.milkfoodltd.com).

The Company is providing remote e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The instructions for remote e-voting have been provided in the Notice.

**30. PREVENTION OF INSIDER TRADING**

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

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

**31. VIGIL MECHANISM**

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

**32. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

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



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

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

**34. ACKNOWLEDGEMENT**

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

For and on behalf of the Board

Place: New Delhi  
Date : 30th May, 2016

**Amarjeet Kapoor**  
Director  
DIN:00122843

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

**Form AOC-1**

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

**Part "A": Subsidiaries**

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

Sl. No.	Particulars	Details
1.	Name of the subsidiary	MFL Trading Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2015 to 31/03/2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees
4.	Share capital	100000
5.	Reserves & surplus	(106424)
6.	Total assets	15426
7.	Total Liabilities	15426
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	(35156)
11.	Provision for taxation	-
12.	Profit after taxation	(35156)
13.	Proposed Dividend	-
14.	% of shareholding	100

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

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

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

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

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

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

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(For the financial year ended 31st March, 2016)**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel ) Rules, 2014]**

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

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

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

  - (i) Secretarial Standards issued by the Institute of Company Secretaries of India

(ii) Listing Agreement (till November 30, 2015) entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)

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

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

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

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

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

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

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

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

Place : Gurgaon  
Date : 25th May, 2016

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

---

## **Annexure-2-A**

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

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

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

Place : Gurgaon  
Date : 25th May, 2016

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

## Annexure - 3

**Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2016:-**

### 1. CONSERVATION OF ENERGY

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

Details pertaining to energy consumption as prescribed are given hereunder:

	<b>Year ended 31.03.2016</b>	Year ended 31.03.2015
A) Power and Fuel consumption		
1) Electricity		
a) Purchased		
Units	<b>2,668,210</b>	5,400,340
Total Value	(Rs.) <b>22,367,246</b>	41,444,672
Rate/Unit	(Rs.) <b>8.38</b>	7.67
b) Own Generation		
(i) Through Diesel Generator		
Units	<b>62,043</b>	75,724
Total Value	(Rs.) <b>1,127,241</b>	1,637,591
Unit per litre of:		
Diesel Oil	<b>2.75</b>	2.53
Cost/Unit	(Rs.) <b>18.17</b>	21.63
(ii) Through Steam Turbine		
Units	<b>4,615</b>	980,246
Total Value	(Rs.) <b>—</b>	—
Unit per Kgs of:		
Steam	<b>0.03</b>	0.03
Cost/Unit	(Rs.) <b>—</b>	—
2) Others/Internal Generation		
Rice Husk/Petroleum Coke/Charcoal		
Buggase/Fire Wood		
Quantity(MT)	<b>5,813</b>	14,568
Total Amount	(Rs.) <b>20,206,769</b>	52,043,957
Avg. Rate	(Rs.) <b>3,476</b>	3,572

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

### 2. TECHNOLOGY ABSORPTION

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

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

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

**as on the financial year ended on 31.03.2016**

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

**1. REGISTRATION & OTHER DETAILS:**

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

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Ghee	15203	82
2	Milk Powder	15201	18

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

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	0	2600	2600	0.05	0	2600	2600	0.05	0
b) Banks/FI	50	450	500	0.01	50	450	500	0.01	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	187000	0	187000	3.83	187000	0	187000	3.83	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub Total: (B) (1)</b>	<b>187050</b>	<b>3050</b>	<b>190100</b>	<b>3.89</b>	<b>187050</b>	<b>3050</b>	<b>190100</b>	<b>3.89</b>	<b>0</b>
<b>(2) Non Institutions</b>									
a) Bodies Corporate	1397962	4962	1402924	28.71	1370803	4962	1375765	28.15	-0.56
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	400615	402472	803087	16.43	449611	387321	836932	17.13	+0.70
i) Individual shareholders holding nominal share capital in excess of Rs.1 lakhs	36002	0	36002	0.74	26002	0	26002	0.53	-0.21
c) Any other (specify)									
(i) NRIs	4293	1200	5493	0.11	7607	1200	8807	0.18	+0.07
(ii) Trust	500	0	500	0.01	500	0	500	0.01	0
<b>Sub-Total (B) (2):-</b>	<b>1839372</b>	<b>408634</b>	<b>2248006</b>	<b>46.00</b>	<b>1854523</b>	<b>393483</b>	<b>2248006</b>	<b>46.00</b>	<b>0.56</b>
<b>Total Public Shareholding(B)= (B) (1) + (B) (2)</b>	<b>2026422</b>	<b>411684</b>	<b>2438106</b>	<b>49.89</b>	<b>2041573</b>	<b>396533</b>	<b>2438106</b>	<b>49.89</b>	<b>0</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>4474756</b>	<b>411684</b>	<b>4886440</b>	<b>100</b>	<b>4489907</b>	<b>396533</b>	<b>4886440</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters**

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

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

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

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	Dhanvani Investments Private Ltd. As at 01/04/2015 As at 31/03/2016	560861 -	11.48 -	- 560861	- 11.48
2.	Sudha Commercial Company Limited As at 01/04/2015 As at 31/03/2016	489103 -	10.01 -	- 489103	- 10.01
3.	Jupiter South Asia Investment Company Limited As at 01/04/2015 As at 31/03/2016	187000 -	3.83 -	- 187000	- 3.83
4.	CRC Fincap Private Limited As at 01/04/2015 As at 31/03/2016	176275 -	3.61 -	- 176275	- 3.61
5.	Shiv Muskan Investments Private Limited As at 01/04/2015 As at 31/03/2016	110000 -	2.25 -	- 110000	- 2.25
6.	Exxim Eastern Pvt. Ltd. As at 01/04/2015 As at 31/03/2016	4863 -	0.10 -	- 4863	- 4863
7.	Ravi Chhabra As at 01/04/2015 As at 31/03/2016	10151 -	0.21 -	- 10151	- 0.21
8.	Ajit Kumar Surana As at 01/04/2015 12/02/2016 - Purchase As at 31/03/2016	13361 2500 -	0.27 0.05 -	- 15861 15861	- 0.32 0.32
9.	M C Narasimharaju As at 01/04/2015 01/05/2015 - Sale 21/08/2015 - Purchase As at 31/03/2016	4000 100 198 -	0.08 0.00 0.00 -	- 3900 4098 4098	- 0.07 0.08 0.08
10.	Ismail Abdul Ghafoor As at 01/04/2015 17/04/2015 - Transfer 19/06/2015 - Purchase 26/06/2015 - Purchase 10/07/2015 - Transfer	1050 1050 450 600 1	0.02 0.02 0.00 0.01 0.00	- 0 450 1050 1049	- 0 0.00 0.02 0.02



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
	17/07/2015 - Transfer	1049	0.02	0	0.00
	28/08/2015 - Purchase	3403	0.07	3403	0.07
	09/10/2015 - Transfer	1383	0.03	2020	0.04
	20/11/2015 - Purchase	1359	0.03	3379	0.07
	04/12/2015 - Sale	2000	0.04	1379	0.03
	11/12/2015 - Sale	1379	0.03	0	0
	22/01/2016 - Purchase	1198	0.02	1198	0.02
	29/01/2016 - Purchase	2136	0.04	3334	0.07
	19/02/2016 - Purchase	182	0.00	3516	0.07
	26/02/2016 - Purchase	685	0.01	4201	0.09
	As at 31/03/2016	0	0.00	4201	0.09

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

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

**V. INDEBTEDNESS**

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

(Rs. in lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	395.01	928.12	556.67	1879.80
ii) Interest due but not paid	—	—	1.82	1.82
iii) Interest accrued but not due	—	—	34.16	34.16
<b>Total (i+ii+iii)</b>	395.01	928.12	592.65	1915.78
<b>Change in Indebtedness during the financial year</b>				
• Addition	2100.00	661.40	—	2761.40
• Reduction	(240.00)	(569.90)	(328.89)	(1138.79)
<b>Net Change</b>	1860.00	91.50	(328.89)	1622.61
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2255.01	1019.62	227.78	3502.41
ii) Interest due but not paid	—	—	2.72	2.72
iii) Interest accrued but not due	—	—	16.89	16.89
<b>Total (i+ii+iii)</b>	2255.01	1019.62	247.39	3522.02

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration paid to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		-	-	-	-	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil				
2.	Stock Option	Nil				
3.	Sweat Equity	Nil				
4.	Commission - as % of profit - others, specify...	Nil				
5.	Others, please specify	Nil				
	Total (A)	Nil				
	Ceiling as per the Act					

**B. Remuneration paid to other Directors:**

(In Rupees)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Anil Girotra	Mrs. Asha Gadi	Mr. Amarjeet Kapoor	Mr. K. K. Kohli	
1.	Independent Directors					
	• Fee for attending board meetings committee meetings	40,000/-	40,000/-	-	-	80,000/-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	40,000/-	40,000/-	-	-	80,000/-
2.	Other Non-Executive Directors					
	• Fee for attending board meetings/ committee meetings	-	-	40,000/-	40,000/-	80,000/-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	40,000/-	40,000/-	80,000/-
	Total (B)=(1+2)	40,000/-	40,000/-	40,000/-	40,000/-	1,60,000/-
	Total Managerial Remuneration	40,000/-	40,000/-	40,000/-	40,000/-	160,000/-
	Overall Ceiling as per the Act.					

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

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	102.96	11.77	4.48	119.21
	b) Value of perquisites u/s17(2) Income-tax Act, 1961	14.92	1.17	-	16.09
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others:				
	Medical	2.02	0.29	0.11	2.42
	LTA	-	0.58	0.02	0.60
	Employer Provident Fund	12.36	0.83	0.30	13.49
	Any others	24.13	0.31	-	24.44
	<b>Total</b>	<b>156.39</b>	<b>14.95</b>	<b>4.91</b>	<b>176.25</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars		
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Not Applicable.(Company is not paying any remuneration to its directors).		
(ii)	Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year.	<ul style="list-style-type: none"> <li>- Mr. Sudhir Avasthi, CEO - 0 %</li> <li>- Mr. Sanjeev Kothiala, CFO - 0 %</li> <li>- Mr. Rakesh Kumar Thakur, Company Secretary - 0%</li> </ul>		
(iii)	Percentage increase in the median remuneration of employees in the financial year.	0%		
(iv)	Number of permanent employees on the rolls of Company.	177 Employees		
(v)	Explanation on the relationship between average increase in remuneration and company performance.	Average increase in remuneration - (0%) Average decrease in Profit Before Tax - (-10.52)%		
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	KMPs	Remuneration Rs. Lacs	Company Performance (PBT) Rs.Lacs
		Mr. Sudhir Avasthi, CEO	156	153
		Mr. Sanjeev Kothiala, CFO	15	153
		Mr. Rakesh Kumar Thakur, Company Secretary	5	153
(vii)	Variation in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company come out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.	Variation in the market capitalisation -Market Capitalisation as at 31st March, 2015:7545 lacs -Market Capitalisation as at 31st March, 2016:7638 lacs Variation in the PE Ratio - PE Ratio as at 31st March, 2015 : 75.68 - PE Ratio as at 31st March, 2016 : 82.26		
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification there of and point out if there are any exceptional circumstances for increase in the managerial remuneration.	-Average increase in remuneration of Managerial Personnel - 0% -Average increase in remuneration of employee other than Managerial Personnel - 0%		
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance Company.	Covered in sub- clause (vi) above		
(x)	Key parameters for any variable component of remuneration availed by the Directors.	Nil		

<b>Relevant Clause u/r 5(1)</b>	<b>Prescribed Requirement</b>	<b>Particulars</b>
(xi)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Not Applicable as no remuneration is paid to the directors.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the Nomination and Remuneration policy for Directors, KMP and other employees of the Company, formulated pursuant to the provision of section 178 of the Company Act, 2013.

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

## BOARD OF DIRECTORS:

As on 31st March, 2016, the Board of Directors of the Company has four members. The Board is primarily responsible for the overall management of the Company's business. None of the Directors are related to each other. The composition of the Board of Directors is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant provisions of the Companies Act, 2013.

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

During the financial year 2015-16, Eight Board meetings were held i.e. on 30.05.2015, 27.07.2015, 14.08.2015, 30.10.2015, 14.11.2015, 31.12.2015, 12.02.2016 and on 25.02.2016.

Composition of Board of Directors as on 31st March, 2016 and other details are as under:

Name	Category	No. of Board Meeting held during the financial year 2015-16	No. of Board Meetings attended	Whether previous AGM held on 29th Sept., 2015 attended	No. of Directorships held in other companies*	No. of Committee positions held in other public limited companies as a Chairman	No. of Committee positions held in other public limited companies as a Member
Mrs. Asha Gadi	Non-Executive Independent Director	8	8	No	3	Nil	Nil
Mr. Anil Girotra	Non-Executive Independent Director	8	8	Yes	7	Nil	Nil
Mr. Amarjeet Kapoor	Non-Executive Non Independent Director	8	8	No	13	Nil	Nil
Mr. K.K. Kohli	Non-Executive Non Independent Director	8	8	Yes	12	Nil	Nil

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

## INDEPENDENT DIRECTORS' MEETING:

During the year under review, a separate meeting of the Independent Directors was held on 10th December, 2015, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors Viz. Mr. Anil Girotra and Mrs. Asha Gadi were present at the meeting. The following issues were discussed in detail:

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

## NO. OF SHARES HELD BY THE NON EXECUTIVE DIRECTORS:

None of the Non Executive Directors of the Company hold any shares of the company.

## MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Mr. Sudhir Avasthi, Chief Executive Officer

Mr. Peri Kameswara Sharma, Executive Director (Marketing)

Mr. Sanjeev Kothiala, Chief Financial Officer

Mr. Amar Baljeet Singh, Executive Director (Technical)

## AUDIT COMMITTEE:

The Audit Committee of the Company comprises of two Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Audit Committee are in accordance with the provisions of Section 177

of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Audit Committee is as follows:

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

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

During the financial year 2015-16 the Audit Committee held four meetings i.e. on 30th May, 2015, 14th August, 2015, 14th November, 2015 and on 12th February, 2016.

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

Name of Members	No. of meetings held during the financial year 2015-16	Meetings attended
Mr. Anil Girotra	4	4
Mr. K.K. Kohli	4	4
Mrs. Asha Gadi	4	4

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

#### **NOMINATION AND REMUNERATION COMMITTEE:**

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

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

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

During the financial year 2015-16, one meeting of the Nomination and Remuneration Committee was held i.e. on 30th October, 2015.

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

Name of Members	No. of meetings held during the financial year 2015-16	Meetings attended
Mr. Anil Girotra	1	1
Mr. K.K. Kohli	1	1
Mrs. Asha Gadi	1	1

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

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

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

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge their functions and duties effectively.

- c. The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for the appointment as a Director:
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, professional or business standing;
  - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

**Remuneration**

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

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

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

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

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

**Remuneration:**

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

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

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

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

**DETAILS OF REMUNERATION PAID TO DIRECTORS:**

The Company pays sitting fees to all the Non Executive Directors of the Company for the Board meetings attended by them. The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2016 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 40,000
Mr. K.K. Kohli	Rs. 40,000
Mr. Amarjeet Kapoor	Rs. 40,000
Mr. Anil Girotra	Rs. 40,000



Details of shareholding of Non-Executive Directors as on 31st March, 2016:

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

#### STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

The composition of the Stakeholders Relationship Committee is as follows:

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

The Committee held two meetings during the financial year 2015-16. Attendance at meetings is as follows:

Date of Meeting	Mr. K.K. Kohli	Mrs. Asha Gadi	Mr. Amarjeet Kapoor
31.07.2015	Yes	Yes	Yes
31.12.2015	Yes	Yes	Yes

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

#### ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No. of Special Resolutions passed
2013	27.09.2013	Registered Office	9.30 A.M.	Nil
2014	27.09.2014	Registered Office	9.00 A.M.	One
2015	29.09.2015	Registered Office	9.00 A.M.	Three

No resolution has been passed through Postal Ballot.

#### DISCLOSURE:

During the financial year 2015-16, the Company has entered upon related party transactions which have been disclosed in Note 1B (vii) to the Accounts.

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

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

#### CODE OF CONDUCT:

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

## MEANS OF COMMUNICATION:

The quarterly, half yearly and yearly financial results of the Company are forwarded to the Bombay Stock Exchange where the shares of the Company are listed immediately upon the approval by the Board of Directors and are published in English daily and in a Punjabi daily as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are posted on the Company's web site.

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

## GENERAL SHAREHOLDERS' INFORMATION:

### Annual General Meeting (AGM):

Date & Time	: 29th September, 2016, 9.00 A.M.
Venue	: Registered Office
Book Closure Date	: 23th September, 2016 to 28th September, 2016 (both days inclusive)
Dividend	: Nil

### Financial Calendar for 2016-17: (Tentative)

Financial Results for	
First Quarter	: up to mid August, 2016
Second Quarter	: up to mid November, 2016
Third Quarter	: up to mid February, 2017
Fourth Quarter	: up to end May, 2017

### Market Price Data:

High and Low market price during each month in last financial year from April, 2015 to March, 2016 at Bombay Stock Exchange Limited (BSE) is as follows:

(In Rs.)

Month	High	Low	Sensex High	Sensex Low
April, 15	256.9	157.7	29094.61	26897.54
May, 15	205	165.1	28071.16	26423.99
June, 15	177.5	147	27968.75	26307.07
July, 15	244	155.3	28578.33	27416.39
August, 15	225	140	28417.59	25298.42
September, 15	172.9	140	26471.82	24833.54
October, 15	221	148	27618.14	26168.71
November, 15	176	147	26824.3	25451.42
December, 15	224.9	166.1	26256.42	24867.73
January, 16	199.9	155	26197.27	23839.76
February, 16	179	130	25002.32	22494.61
March, 16	177	150.6	25479.62	23133.18

### Registrar and Share Transfer Agent:

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

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

### Share Transfer System:

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

**Distribution of Shareholding as on 31st March, 2016:**

Share holding of nominal value of Rs.	No. of shareholders	No. of shares held	% age of total shareholding (Rounded off)
1-5000	4501	556644	11.39
5001-10000	197	148105	3.03
10001-20000	73	103074	2.11
20001-30000	9	22755	0.47
30001-40000	13	45125	0.92
40001-50000	3	13162	0.27
50001-100000	0	0	0
100001 and above	11	3997575	81.81
Total	4807	*4886440	100.00

**Shareholding pattern as on 31st March, 2016:**

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	2448334	50.11
Mutual Funds	2600	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FII's	187000	3.83
Corporate Bodies	1375765	28.15
Indian Public	862934	17.66
NRIs/OCBs	8807	00.18
Trust/Custodian	500	00.01
Total	*4886440	100.00

\*includes 2875 partly paid up equity shares.

**Dematerialization of Shares and Liquidity:**

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

As on 31st March, 2016, 91.88% Equity Capital was held in dematerialized form and the balance in physical form.

**Plant Locations:**

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

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

**Address for correspondence:**

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

Tel: 0175-2381404, Fax: 0175-2380248

**Head Office & Share Department:**

5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019. Tel: 011-26460670, Fax: 011-26460823

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

Website : www.milkfoodltd.com

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

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

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



In terms of Section 152(6) of the Companies Act, 2013, Mr. Amarjeet Kapoor, Director (DIN: 00122843), retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. He was appointed as a Director of the Company w.e.f. 27th March, 2006. He is 55 years old and he is B.Com (H) graduate. He has vast experience in the field of finance and management. He has over 30 years of work experience.

**Mr. Amarjeet Kapoor holds the Directorship in the following companies:**

Double Durable Investments Limited  
Quick Return Investment Company Limited  
Industrial Containers & Closures Limited  
Blue Skies Investments Private Limited  
Palm Beach Investments Private Limited  
Snowwhite Holdings Private Limited  
Hybrid Holdings Private Limited  
County Investments Private Limited  
Pickwick Holdings Private Limited  
Galaxy Pet Packaging Private Limited  
J Ice Cream Private Limited  
J & J Ice Creams Private Limited  
Sea Bird Securities Private Limited

**Appointment of Ms. Gita Bawa as Independent Director : DIN 00111003**

Ms. Gita Bawa is 65 years old and undergraduate. She has vast business and administration experience of more than three decades. She is well versed with the intricacies of business management, finance, accounts and banking. She is not holding directorship in any other company. She is not holding chairmanship/membership of any committees in any other public limited Company. Ms. Gita Bawa is not related with any other Director of the company and is not holding any shares of the company.

**Appointment of Mrs. Sushma Sagar as Non Executive Non Independent Director : DIN 02582144**

Mrs. Sushma Sagar is 62 years old and undergraduate. She has vast experience in business management and administration. She is not holding directorship in any other company. She is not holding chairmanship/membership of any committees in any other public limited Company. Mrs. Sushma Sagar is not related with any other Director of the company and is not holding any shares of the company.

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

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

New Delhi  
30th May, 2016

**Sudhir Avasthi**  
Chief Executive Officer

# Management Discussion and Analysis:

## INDUSTRY STRUCTURE, OUTLOOK AND DEVELOPMENT

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

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

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

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

## OPPORTUNITIES AND THREATS

### Opportunities

- (i) With increased income levels, demand of milk products has gone up during last 3-4 years. This pace seems to be sustainable. This would mean higher consumption of conventional milk products as also introduction of new milk based products.
- (ii) Milk is a preferred source of protein by Indian populace. Milk and milk products are therefore likely to get preference from consumers who look for protein rich food.
- (iii) India is the largest producer of buffalo milk which is a preferred variety of milk for making certain type of cheese. It offers a good export opportunity for Indian cheese made of buffalo milk.

### Threats

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

## GROWTH OUTLOOK

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

## EXPANSION PLANS

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

## RISKS & CONCERNS

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

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

## SEGMENT WISE /PRODUCT WISE REPORTING

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

## INTERNAL CONTROL SYSTEM

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



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

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

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

#### **FINANCIAL PERFORMANCE**

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

#### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

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

#### **DISCLAIMER STATEMENT**

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

For and on behalf of the Board

Place : New Delhi  
Date : 30th May, 2016

**Amarjeet Kapoor**  
Director  
DIN:00122843

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

## **CERTIFICATE ON THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members of Milkfood Limited

I have examined the compliance of conditions of Corporate Governance for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange for the period from 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st December, 2015 to 31st March, 2016.

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

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

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

Place : Gurgaon  
Date : 30th May, 2016

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MILKFOOD LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Milkfood Limited** ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

Attention is drawn to the Note No.5.1 regarding classification of security deposits from suppliers, Note No 5.2 regarding security deposits from consignees/Advance from customers, Note No. 11.1 regarding impairment of assets, Note No. 11.4 regarding life of assets, Note No. 13.1 & 18.1 regarding amount due from employees/others, Note No. 14.3 regarding unamortized expenses, Note 15.1 regarding valuation of CER, Note No. 15.2 regarding cost incurred on Tree & Plantation in earlier year and reclassification, Note No. 18.2 regarding Carbon credit receivable, Note No. 21A regarding exceptional items, Note No. 23.1 (c) regarding salary to related party, Note No. 23.1(d) & 26.2(a) regarding reimbursement of medical/other expenses to Ex – MD and Note No. 26.2(b) regarding Carbon credit written off. Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

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



2. As required by Section 143 (3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
  - (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**M. K. Madan**  
*Proprietor*  
Membership number: 082214

Place: New Delhi  
Date: 30 May 2016

## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) In respect of fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the said programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company and certificate provided by the bank, the title deeds of immovable properties are held in the name of the Company. Original copy of title deed has not been produced as the same is deposited as security with bank under loan agreement as confirmed by the management & Bank.
- (ii) In respect of its inventories:
- As explained to us, inventories have been physically verified during the year by the Management at reasonable intervals, other than stock lying with third parties where certificates confirming physical inventory have been received.
  - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans and made any investment within the meaning of section 185 & 186 of the Act. Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (v) According to the information and explanation given to us, the company has not accepted any deposits during the year. Company is of the view that provision of Section 74(1)(b) of the Act are complied with in pursuance of Rule 19 of the Acceptance of Deposits Rules, 2014. It is also confirmed by the company that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanations given to us and on the basis of our review of the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) In respect of statutory dues:
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has generally been regular in depositing undisputed statutory dues, including provident Fund, Employees State insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31.03.2016 for a period of more than six months from the date they became payable.
  - According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as at 31.03.2016 on account of any dispute except as follows:

Sr. No.	Name of Statute	Nature of Dues	Amount Rs/lacs	Forum where dispute is pending
1	Delhi Sales Tax Act, 1975	Regular demand 1983-84	12.22	Appeal before sales Tax Appellate Tribunal, Delhi

Sr. No.	Name of Statute	Nature of Dues	Amount Rs/lacs	Forum where dispute is pending
2	Income Tax Act, 1961	Regular demand for Assessment year 2008-09	5.08	Before ITAT-Delhi
3	U.P. Vat Act, 2008	Regular demand for Assessment year 2010-11	4.03	Before Addl. Commissioner (Appeals), Moradabad.
4	U.P. Vat Act, 2008	Regular demand for Assessment year 2011-12	1.05	Before Addl. Commissioner (Appeals), Moradabad.
5	U.P. Vat Act, 2008	Regular demand for Assessment year 2012-13	1.92	Before Addl. Commissioner (Appeals), Moradabad.
6	U.P. Vat Act, 2008	Regular demand for Assessment year 2013-14	1.30	Before Addl. Commissioner (Appeals), Moradabad.

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

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

Place: New Delhi  
Date: 30th May 2016

**M. K. Madan**  
Proprietor  
Membership number: 082214

## Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Milkfood Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

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

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

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**M. K. Madan**  
*Proprietor*  
Membership number: 082214

Place: New Delhi  
Date: 30th May 2016

# Balance Sheet

as at 31st March, 2016

Particulars	Note No.	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	3,065	2,971
		<u>3,554</u>	<u>3,460</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	2,258	1,395
(b) Deferred tax liabilities (net)	28	390	360
(c) Other long-term liabilities	5	4,430	6,152
(d) Long-term provisions	6	160	170
		<u>7,238</u>	<u>8,077</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5,907	5,937
(b) Trade payables	8	2,033	3,899
(c) Other current liabilities	9	1,577	1,630
(d) Short-term provisions	10	44	56
		<u>9,561</u>	<u>11,522</u>
<b>TOTAL</b>		<u><u>20,353</u></u>	<u><u>23,059</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11(A)	10,006	10,134
(ii) Capital work-in-progress	11(B)	155	146
		<u>10,161</u>	<u>10,280</u>
(b) Investments	12	2	2
(c) Long-term loans and advances	13	423	507
(d) Other non current assets	14	487	48
		<u>11,073</u>	<u>10,837</u>
<b>2 Current assets</b>			
(a) Inventories	15	6,462	8,858
(b) Trade receivables	16	1,716	1,499
(c) Cash and cash equivalents	17	161	178
(d) Short-term loans and advances	18	703	1,687
(e) Other current assets	19	238	-
		<u>9,280</u>	<u>12,222</u>
<b>TOTAL</b>		<u><u>20,353</u></u>	<u><u>23,059</u></u>

Summary of significant accounting policies and additional notes to Accounts

1

The accompanying notes 1 to 28 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2016

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

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

# Statement of Profit and Loss

for the year ended 31st March, 2016

Particulars	Note No.	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
<b>1 Revenue from operations (gross)</b>	20	<b>37279</b>	37095
Less: Excise duty		-	-
Revenue from operations (net)		<b>37279</b>	37095
<b>2 Other income</b>	21	<b>22</b>	154
<b>3 Total revenue (1+2)</b>		<b>37301</b>	37249
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	22A	<b>28566</b>	31579
(b) Purchase in stock in trade		-	-
(c) Changes in inventories of finished goods and work-in-progress	22B	<b>2531</b>	(577)
(d) Employee benefits expenses	23	<b>1257</b>	1309
(e) Finance Cost	24	<b>1264</b>	935
(f) Depreciation and amortisation expenses	25	<b>688</b>	636
(g) Other expenses	26	<b>2800</b>	3196
<b>Total expenses</b>		<b>37106</b>	37078
<b>Profit before exceptional and extraordinary items</b>		<b>195</b>	171
Exceptional Items Expenses (Net of Income)	21A	<b>42</b>	-
<b>5 Profit before tax (3-4)</b>		<b>153</b>	171
<b>6 Tax expense:</b>			
(a) Current tax		<b>30</b>	34
(b) Adjustment for (excess) / short provision for earlier years		-	-
(c) Net current tax expense		<b>30</b>	34
(d) Deferred tax	28	<b>30</b>	37
<b>Total Tax</b>		<b>60</b>	71
<b>7 Profit/(loss) for the period from Continuing operation after tax (5-6)</b>		<b>93</b>	100
<b>8 Profit/( Loss) from discontinuing operation</b>		-	-
<b>9 Profit/(loss) for the period (7+8)</b>		<b>93</b>	100
<b>10 Earnings per share (of Rs 10/- each):</b>			
Basic and Diluted - in Rs '	27	<b>1.90</b>	2.04
Summary of significant accounting policies and Additional Notes to Accounts	1		

The accompanying notes 1 to 28 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place: New Delhi

Date : 30th May, 2016

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

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

# Cash Flow Statement

for the year ended 31st March, 2016

	Note No.	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
<b>A. Cash flow from operating activities:</b>			
Net profit before taxation		153	171
Adjustments for :			
Depreciation and Amortisation expense		688	636
Finance costs	1	1264	935
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(25)	(40)
Profit on Sales of Investment - Net		-	(1)
Liabilities no longer required written back		(10)	(138)
Interest Income		(12)	(15)
Exchange rate variation		-	(17)
Exceptional Items Expenses (Net)		42	-
<b>Operating profit before working capital changes</b>		<b>2100</b>	<b>1531</b>
<b>Changes in working capital</b>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		2426	(723)
Trade receivables		(210)	(718)
Long term loans and advances		84	(95)
Short term loans and advances		1684	(134)
Other non current assets		(476)	-
Other current assets		(238)	-
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(1866)	(196)
Other current liabilities		(305)	(500)
Other long term liabilities		(1722)	1370
Short term provisions/ Long Term Provisions		(21)	36
<b>Cash Generated From Operations before extraordinary item</b>		<b>1456</b>	<b>571</b>
Extraordinary Item Income (Net)		-	-
<b>Net cash flow from operating activities (A)</b>		<b>1456</b>	<b>571</b>
<b>B. Cash flow from investing activities:</b>			
Capital expenditure on fixed assets,		(656)	(724)
Capital work in progress		(9)	78
Proceeds from sale of Investment & Fixed Assets		53	2
Interest received		12	15
<b>Net cash flow used in investing activities (B)</b>		<b>(600)</b>	<b>(629)</b>
<b>C. Cash flow from financing activities:</b>			
Short-term borrowings		(30)	916
Proceeds from fixed deposits		(346)	(556)
Proceeds from vehicle loan		(201)	179
Proceeds from term loan		2158	(427)
Proceeds from intercorporate Deposit & other deposit		(500)	99
Proceeds from short term advances		(700)	700
Finance costs		(1264)	(935)
Exchange rate variation		-	17
Liabilities no longer required written back		10	138
<b>Net cash flow used in financing activities (C)</b>		<b>(873)</b>	<b>131</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>(17)</b>	<b>73</b>
Cash and cash equivalents at the beginning of the year		178	105
<b>Cash and cash equivalents at the end of the year</b>		<b>161</b>	<b>178</b>

**Note:-**

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

The accompanying notes 1 to 28 are integral part of the financial statements

In terms of our report of even date

For **Madan & Associates**  
Chartered Accountants  
FRN. 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2016

For & On behalf of the Board of Directors

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

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

## NOTE1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis of Preparation of Accounts

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

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

#### 1.2. Tangible Fixed Assets

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

#### 1.3. Depreciation on Tangible Fixed Assets

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

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

On Assets Held for Disposal: On SLM as per rates in schedule II of Company Act 2013 and in case net realized value is lower than the written down value then depreciation is charged to confirm the carrying value to net realized value.

#### 1.4 Intangible Assets

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

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

#### 1.5 Impairment of Assets:-

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

#### 1.6. Investments

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

#### 1.7 Inventories

Inventories (including - by products) are valued on lower of cost or net realizable value. In pursuance of AS-2 indirect production overhead (estimated by the Management) have been allocated for ascertainment of cost.

#### 1.8 Retirement Benefits

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

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashment are carried forward on year to year basis and facility is granted to employees only in the year of determination of service.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10 Lac. During the year company has made provision of gratuity and leave encashment of Rs.201 Lac as per AS-15.
- (e) Provident Fund:  
The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

#### 1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net



Realizable Value (NRV- certified by the consultant) as per AS-2 of ICAI. Total cost incurred is nil (Rs.25.82 Lac in previous year) for CDM project being lower than NRV of 128919 CER Units which have been valued on consultant's advice for potential realization at valuation at an amount not less than at what they are stated in the Balance Sheet.

#### 1.10 Manufacturing policy

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

#### 1.11 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date. For computing the deferred tax liability/assets, benefit of brought forward losses has been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s). Deferred tax liability for the year ended 31.03.2016 is Rs.390 Lac (Previous Year Rs.360 Lac). During the year deferred tax asset of Rs.91.92 Lac has been recognized in respect of losses on disposal of investment to be carried forward for adjustment in near future regarding accrual of Capital gain as certified by the Management.

#### 1.12 Borrowing Costs

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

During the year interest of Rs.6.64 Lac (PY Rs. 38 Lac) has been capitalized in Plant & Machinery in accordance with AS-16 as certified by the Management. Processing fees charged by banks are amortized as per the tenure of the loan.

#### 1.13 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account.

The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period.

### (B) ADDITIONAL NOTES TO ACCOUNTS

#### i. Contingent liabilities:

Claims not acknowledged as debts Rs.99 Lac (Previous year Rs.95Lac) and guarantee / obligations of Rs.400 Lac. (Previous year 400 Lac ).

#### ii. Estimated amount of contracts remaining to be executed on capital account is Rs.18 Lac and not provided for (Net of Advances) (Previous year Rs. 5 Lac).

#### iii. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
Travelling	2	1
<b>TOTAL</b>	<b>2</b>	<b>1</b>

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

Indigenous	For the year ended 31 March, 2016	
	(Rs. in lacs)	%
Raw materials and components	28566 (31578)	100 (100)
Stores and spare parts	47 (119)	100 (100)
<b>TOTAL</b>	<b>28613 (31697)</b>	

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

(v) **Earnings in foreign exchange**

Particulars	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
Export of goods calculated on FOB basis	-	1961
<b>TOTAL</b>	-	1961

(vi) **Related Party Disclosers:**

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

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

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	14 (15)	- -	14 (15)
Rent paid	4 (4)	- -	4 (4)
Interest Received	- (91)	- -	- (91)
Amount received for Services	29 (73)	- -	29 (73)
Reimbursement of Expenses	- (3)	- -	- (3)
Managerial Remuneration (including sitting fees)	- -	332 (299)	332 (299)
Sales/Purchase	8 (14)	- -	8 (14)
Outstanding Payables, net of Receivable	5 (718)	8 (318)	13 (1036)

Note: Figures in bracket relates to the previous year

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

(vii) **Segment Reporting**

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

## Note 2 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
<b>(a) Authorised</b>				
Equity shares of Rs.10 each	7,500,000	750	7,500,000	750
Cumulative redeemable Preference shares of Rs. 100 each	50,000	50	50,000	50
	<b>7,550,000</b>	<b>800</b>	7,550,000	800
<b>(b) Issued</b>				
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489
<b>(c) Subscribed and Paid up</b>				
Equity shares of Rs.10 each	4,886,440	489	4,886,440	489
Less: Calls in Arrears (Rs.0.19 lacs on 2875 partly paid shares)		0		0
	<b>4,886,440</b>	<b>489</b>	4,886,440	489
Add Amount paid on Forfeited Shares (Rs.0.07 lacs on 1450 shares)		0		0
<b>TOTAL</b>	<b>4,886,440</b>	<b>489</b>	4,886,440	489

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

Particulars	Opening Balance	Fresh issue	Redemption	Closing Balance
	Equity shares			Equity shares
<b>Year ended 31 March, 2016</b>				
- Number of shares	4,886,440	-	-	4,886,440
- Amount (Rs in lacs)	489	-	-	489
<b>Year ended 31 March, 2015</b>				
- Number of shares	4,886,440	-	-	4,886,440
- Amount (Rs in lacs)	489	-	-	489

2.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms Roshini Sanah Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

### Note 3 Reserves and surplus

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) Capital redemption reserve</b>		
At the beginning and at the end of the year	0	0
<b>(b) Securities Premium Reserve</b>		
At the beginning and at the end of the year	670	670
<b>(c) Other Reserve: General reserve</b>		
At the beginning of the year	2301	2206
Less : Depreciation	-	5
Add: Transferred from Surplus in Statement of Profit and Loss	93	100
At the end of the year	2395	2301
<b>Total</b>	<b>3065</b>	<b>2971</b>

### Note 4 Long-term borrowings

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) Term loans - Secured</b>		
From banks	1,876	219
From others	183	352
<b>(b) Term Loans - Unsecured-Others</b>	<b>199</b>	<b>824</b>
<b>TOTAL</b>	<b>2,258</b>	<b>1,395</b>

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

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>From Banks: Secured</b>			
Canara Bank (Term Loan)	4.1	752	155
ICICI (Vehicle Loan)	4.2	1	4
HDFC Bank (Vehicle Loan)	4.3	27	60
SBOP (Corporate loan)	4.4	1,096	-
<b>Total</b>		<b>1,876</b>	<b>219</b>
<b>From Others: Secured</b>			
Kotak Mahindra Prime Ltd (Vehicle Loan)	4.5	183	352
<b>Total</b>		<b>183</b>	<b>352</b>
<b>From Others-Unsecured :</b>			
Kotak Mahindra Bank Ltd	4.6	102	99
Non Banking Financial Companies	4.7	78	-
Inter Corporate Deposits	4.8	-	500
Public Deposits	4.9	19	225
<b>Total</b>		<b>199</b>	<b>824</b>

#### Notes:-

##### Term Loans From Banks:

- 4.1 (a) Rupee Loan from Canara Bank of Rs.955 lacs at interest rate of 13.65% and 13.70% p.a is payable at monthly rests as detailed hereunder :-  
Rs.800 lacs (From April'2016 to January '2022) Refer Note No.9.1 (a)  
Rs.155 lacs (From April'2016 to Nov'2016)
- (b) This Loans sanctioned by Canara Bank are secured by the exclusive charge on fixed assets to the extent of Rs.19.50 Crores and exclusive charge on plant and machineries purchased for the fresh loan of Rs.8.00 Cr and pari-passu 1st charge with State Bank of Patiala on balance fixed assets. As per MCA 21 charge registered with Canara bank is of Rs.20 Crores.
- 4.2 Vehicle Loan of Rs.4 Lac from ICICI Bank Ltd is repayable in monthly instalments by May'2017 and carry interest of 10.50%. Refer Note no. 9.1 (b).
- 4.3 Vehicle Loans of Rs. 61 Lac (Two in number) from HDFC Bank Limited is repayable in monthly instalments by Dec'2017 and carry interest of 10.25%. (Refer note no. 9 (a).

- 4.4 Rupee Loan from State Bank of Patiala of Rs. 1313 lacs at interest rate 11.95% p.a is payable at monthly installment by July, 2021
- 4.5 Vehicle loans are secured against hypothecation of respective vehicles.
- Vehicle Loans of Rs.187 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by June '2017 and carry interest rate of 14.15% p.a . Refer Note No.9.1(b)
  - Vehicle Loans of Rs.253 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Mar '2019 and carry interest rate of 9.95% to 11.89% p.a . Refer Note No.9.1(b)
  - Vehicle Loans of Rs.38 Lac from Kotak Mahindra Prime Limited are repayable by Feb'2017 and carry interest of 14.91% . (Refer note no. 9.1(b)).
  - Total No.of vehicles financed by Kotak Mahindra Prime Limited: 64.
- 4.6 Term Loans from Kotak Mahindra Bank Ltd as detail hereunder :-
- Rupee Loan from Kotak Mahindra Bank Ltd of Rs.154 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Feb'2018. Refer note no.9.1(c).
  - Rupee Loan from Kotak Mahindra Bank Ltd of Rs.73 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Aug '2017. Refer note no.9.1(c).
  - Rupee Loan from Kotak Mahindra Bank Ltd of Rs.99 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Feb '2017. Refer note no.9.1(c).
- 4.7 Unsecured Loans**
- Rupee Loan from Magma Fincorp Ltd of Rs.84 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. Refer note no.9.1(c)
  - Rupee Loan from Bajaj Finance Ltd of Rs.33 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. Refer note no.9.1(c)
  - Rupee Loan from Tata Capital Financial Service Ltd of Rs.33 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. Refer note no.9.1(c)
- 4.8 During the year intercorporate deposit of Rs. 325 lakh from Win win traders (P) Ltd has been transferred to security deposit account and Rs.175 Lac has been adjusted in supplier account. Refer note 5.1.
- 4.9 Public deposits matured but unclaimed amounting to Rs 19 lacs (Previous Year 10 lacs).

## Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Others:			
(i) Security deposits received	5.1	771	2920
(ii) Security Deposit from Consignee/Advances from customers	5.2	3649	3225
(iii) Others payable	5.3	10	7
<b>TOTAL</b>		<b>4430</b>	<b>6152</b>

### Footnote:

- 5.1** Security Deposits are confirmed by Suppliers payable after 31.03.2017 and have been accordingly classified.
- 5.2** (a) Security Deposits are confirmed by Consignees payable after 31.03.2017 and have been accordingly classified.  
(b) Includes sum of Rs.79 Lacs which is repayable beyond twelve months from the reporting date, as certified by the management.
- 5.3** Includes Rs 9 Lac towards Public Deposit interest payable (to be transferred to investor education fund in future years) and Rs. 1 lac payable to ex-employee pending final decision of court.

## Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Provision for employee benefits: (Retirement benefits)	6.1	157	159
(b) Provision for Sales Tax		3	11
<b>TOTAL</b>		<b>160</b>	<b>170</b>

- 6.1** Provision for Gratuity and leave encashment has been made in terms of AS-15 (Revised). For Gratuity Liability has been determined as on 31.03.2016 and for Leave Encashment Liability it is determined on calendar year basis. Also Refer Note No.10.

## Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>From Bank - Secured</b>			
Cash Credit	7.1	5907	5937
<b>TOTAL</b>		<b>5907</b>	<b>5937</b>

### Note:-

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

The State Bank of Patiala has also extended supplier's line of credit to the extent of Rs.400 Lac covered in the charge created by the company in its overall limits. Refer Note 4.1(b).

## Note 8 Trade payables

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
Trade payables	8.1	2,033	3,899
<b>TOTAL</b>		<b>2,033</b>	<b>3,899</b>

### Note:-

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

## Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Current maturities of Long Term Debts	9.1	1,254	986
(b) Interest accrued but not due on Public Deposits		17	35
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		79	100
(ii) Advances from customers		28	385
(iii) Other outstanding expenses including salary & wages etc.		199	124
<b>TOTAL</b>		<b>1,577</b>	<b>1,630</b>

### 9.1 Current maturities of Long Term Debts

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) From Bank - Secured</b>		
Canara Bank - Term Loan (Refer Note 4.1)	203	240
HDFC Bank - Vehicle Loan (Refer Note 4.3)	32	36
ICICI Bank - Vehicle Loan (Refer Note 4.2)	3	0
SBOP - Corporate Loan (Refer Note 4.4)	217	0
<b>(b) From Others - Secured</b>		
Kotak Mahindra Prime Ltd - Vehicle Loan (Refer Note 4.5)	294	282
Magma Fincorp Ltd - Vehicle loan	-	4
<b>(c) From Others - Unsecured</b>		
Kotak Mahindra Bank Ltd (Refer Note 4.6)	224	93
Non Banking Financial Companies (Refer Note 4.7)	72	-
Public Deposits (Refer Note 4.8)	209	331
<b>TOTAL</b>	<b>1254</b>	<b>986</b>

## Note 10 Short-term provisions

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
Provision - Others:		
(i) Provision for employee benefit (Gratuity & Leave encashment)	44	56
<b>TOTAL</b>	<b>44</b>	<b>56</b>

## Note 11A Fixed Assets

### TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	01.04.2015	Additions	Deductions	31.03.2016	01.04.2015	For the Reverse with Year General Reserve	On Deduction	31.03.2016	31.03.2016	31.03.2015
Freehold Land	330	-	-	330	-	-	-	-	330	330
Buildings	2,429	36	-	2,465	682	65	-	747	1,718	1,747
Plant & Machinery Refer Note 1,2 & 3	12,063	377	-	12,440	4,655	504	-	5,159	7,281	7,408
Furniture, Fixtures and Equipments	159	9	-	168	117	6	-	123	45	42
Vehicles	914	234	178	971	307	113	81	339	632	607
<b>Total</b>	<b>15,895</b>	<b>656</b>	<b>178</b>	<b>16,374</b>	<b>5,761</b>	<b>688</b>	<b>81</b>	<b>6,368</b>	<b>10,006</b>	<b>10,134</b>
Previous Year	15,172	724	1	15,895	5,122	636	3	5,541		
<b>(B) Capital Work in Progress</b>									155	146

### Notes:-

- 11(A) (i) There is no impairment of assets as per AS 28 of ICAI as the company has a composite plant with production facilities capable of interchangeable use for manufacture of casein and milk powder. All assets had been put to use for manufacture of milk powder.
- (ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 173 lacs. In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs. 60 lacs ( Previous Year Rs.60 lacs).
- (iii) Company has capitalized the opening work in progress and the additions made during the year at the close of the year at patiala unit and accordingly charged the depreciation.
- (iv) In respect of Plant & Machinery, company is consistently following the policy of charging depreciation over 20 years for assets purchased before 01.04.2014 on the basis of certificate given by Govt. approved valuer (Chartered Engineer) of the useful life of more than 35 years. Similarly for additions in Plant & Machinery after 01.04.2014, company has estimated useful life of 20 years (as against 15 years specified in schedule II of the companies Act 2013) based upon the certificate of suppliers/manufacturers of Plant & Machinery.
- (v) Interest of Rs 6.64 Lacs incurred prior to assets are put to use is capitalized in Plant & Machinery (PY Rs.38 Lac) as per AS -16.
- 11(B) (a) Estimated amount of capital contracts remaining to be executed is Rs.18 Lac (PY Rs.5.08Lac).
- (b) Includes Rs.148 Lac for Plant & Machinery & Rs.7 Lac for building.

## Note 12 Investment

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>Investment in Equity Shares - Unquoted</b>			
MFL Trading Pvt. Ltd 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		1	1
National Saving Certificates	12.1	1	1
<b>TOTAL</b>		<b>2</b>	<b>2</b>

### Note:-

12.1 Pledged with Government Authorities towards fulfillment of statutory obligations.

### Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good		-	3
(b) Security deposits Unsecured, considered good	13.1	125	118
(c) Loans and advances to employees Unsecured, considered good	13.1	141	220
(d) Prepaid expenses		50	26
(e) Sales Tax Authorities	13.2	73	104
(f) Income tax recoverable (Net of Provisions)	13.3	34	36
<b>TOTAL</b>		<b>423</b>	<b>507</b>

#### Notes:-

- 13.1 Advances, security deposits and advances to employees are considered good for recovery as certified by the Management.(Refer Note No 18a). During the year company has realised Rs.15 lakh from non moving advances of earlier years. Amount is being realised as stipulated.
- 13.2 Deposit with Sales Tax Authorities represents the amount deposited as a condition for the appeal and considered good for recovery as certified by the management.
- 13.3 Pertains to earlier years and reconciliation is in process.

### Note 14 Other Non current assets

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Trade Receivables Unsecured, considered good	14.1	11	18
(b) Trees and Plantation (Refer Note 15.2)	14.2	-	30
(c) Unamortized Expenditure (Refer Note 19)	14.3	476	-
<b>TOTAL</b>		<b>487</b>	<b>48</b>

#### Notes:-

- 14.1 Includes Rs. 7 lakh due from government departments outstanding for a period exceeding 3 Years. Management certifies that these are good for recovery. Necessary adjustment, if any, will be effected in FY 2016-17
- 14.2 Reclassified as inventory (Refer Note 15.2)
- 14.3 Company has incurred Rs. 951.44 Lacs on advertisement of dairy creamer which has been launched during the year. This amount is being amortized in four years and accordingly Rs. 237.86 Lacs has been amortized during the year. An amount of Rs. 733.81 is being carried forward to subsequent years, out of which Rs. 237.86 Lacs has been shown as current and Rs 475.72 Lacs as non current assets.

### Note 15 Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Raw materials		10	47
(b) Work-in-progress		894	507
(c) Finished goods		4601	7519
(d) Stores and spares		552	589
(e) CER (Units)	15.1	26	26
(f) Packing materials		250	170
(g) Trees & Plantation	15.2	129	-
<b>TOTAL</b>		<b>6462</b>	<b>8858</b>

#### Note:-

- 15.1 In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission



Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV- certified by the consultant) as per AS-2 of ICAI. Total cost incurred is Rs. 25.82 Lacs (Nil in current year) for CDM project being lower than NRV of 128919 CER Units. Company is confident of sale of these CER units in the FY 2016-17.

15.2 During the year company has accounted for income for Rs. 67.67 Lacs under exceptional item's representing cost of trees and Plantations on account of expenses incurred on Power & Fuel and labour for irrigation of the plants in earlier years. In Absence of separate identifiable cost attributable to irrigation, the same has been estimated on the basis of opinion taken from the Agriculture Scientist. Further Expert has given an opinion that these trees have acquired sufficient growth for sale as at 31.03.2016. Based upon the opinion, company has classified the expenses under inventory.

#### Note 16 Trade receivables

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) Secured and Considered Good</b>			
Outstanding for a period exceeding six months			
Others			
<b>(b) Unsecured and Considered Good</b>			
Outstanding for a period exceeding six months		29	7
Others		1687	1492
<b>TOTAL</b>		<b>1716</b>	<b>1499</b>

#### Note 17 Cash and cash equivalents

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Cash on hand		9	2
(b) Balances with banks			
(i) In current accounts	1	8	5
(ii) In deposit accounts		81	133
(iii) Margin accounts		63	38
<b>TOTAL</b>		<b>161</b>	<b>178</b>

#### Notes:-

1. Excludes Rs 10.05 Lac on account of issue of cheques (stale) against payment of interest.

#### Note 18 Short-term loans and advances

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Advances to employees / others Unsecured, considered good	18.1	205	335
(b) Prepaid expenses - Unsecured, considered good		98	68
(c) Interest Receivable		18	14
(d) Export Incentive Receivable		13	16
(e) Supplier advances - Unsecured, considered good		62	752
(f) Balances with government authorities Unsecured, considered good			
(i) Input Tax Credit		2	2
(ii) Sales Tax Authorities		1	1
(g) Amounts Receivable		2	2
(h) Carbon Credit Receivable	18.2	302	497
<b>TOTAL</b>		<b>703</b>	<b>1,687</b>

#### Footnote:-

18.1. Classified as Short Term loans as certified by the Management.

18.2. Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. Reduction in value represents amount written off on the basis of opinion of the consultant and the balance is classified as short term as company is of the view that the units are likely to be sold in the FY 2016-17. Adjustments if any shall be effected on disposal of the units.

#### Note 19 Other current assets

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
Unamortized Expenditure (Refer Note 14)	238	-
<b>TOTAL</b>	<b>238</b>	<b>-</b>

#### Note 20 Revenue from operations

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Sale of products	20.1	37233	36940
Other operating revenues	20.2	46	155
<b>Revenue from operations (Gross)</b>		<b>37279</b>	<b>37095</b>
Less: Excise duty		-	-
<b>Revenue from operations (net)</b>		<b>37279</b>	<b>37095</b>

#### 20.1

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Sale of products comprises : <u>Manufactured goods</u>		
- Ghee	30508	26713
- Milk Powder	6725	10227
<b>Total - Sale of products</b>	<b>37233</b>	<b>36940</b>

#### 20.2

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	46	31
Export incentives	-	107
Foreign exchange fluctuation	-	17
<b>Total - Other operating revenues</b>	<b>46</b>	<b>155</b>

#### Note 21 Other income

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
(a) Interest income on Fixed Deposits	12	15
(b) Other income	10	139
<b>TOTAL</b>	<b>22</b>	<b>154</b>

**Note 21A**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<b>Exceptional Items</b>			
Deferred Revenue Expenditure	1	238	-
Liabilities / provisions no longer required written back	2	(196)	-
<b>TOTAL</b>		<b>42</b>	<b>-</b>

21A (1) Amortized on account advertisement expenses incurred on the launch of new product "Dairy Whitener".

21A (2) Includes amounts written back on account of expenses incurred in earlier years on trees & plantation (Refer Note 15.2), security deposit and other balances written back which are no longer payable, as certified by the management. (Refer Note 5.1)

**Note 22 A. Cost of Material Consumed**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Material consumed comprises:		
Milk	3318	16546
Ghee	20032	14358
Others	5216	675
<b>TOTAL</b>	<b>28566</b>	<b>31579</b>

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

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	4601	7519
Work-in-progress	894	507
<u>Inventories at the beginning of the year:</u>	5495	8026
Finished goods	7519	6960
Work-in-progress	507	489
	8026	7449
<b>Net (increase) / decrease</b>	<b>2531</b>	<b>(577)</b>

**Note 23 Employee benefits expenses**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Salaries, wages and other Benefits	23.1	1146	1201
Contributions to provident funds		53	52
Staff welfare expenses		58	56
<b>TOTAL</b>		<b>1257</b>	<b>1309</b>

**Footnote:**

23.1 (a) Provision for Gratuity and Leave encashment has been made during the year in terms of AS-15 (Revised).

(b) Includes provision of minimum bonus of Rs. 14.25 lacs ( Previous year Rs.6.33 lacs) under the payment of Bonus Act 1965.

(c) Includes Rs.156 Lac paid to related party subject to approval by the shareholders in the AGM.

(d) Includes Rs 11.45 Lacs reimbursed to Ex- MD of the company towards medical expenses.

**Note 24 Finance costs**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
(a) Interest expense on: Borrowings	24.1	1140	789
(b) Other borrowing costs ( Bank and other financing charges)		124	146
<b>TOTAL</b>		<b>1264</b>	<b>935</b>

24.1 Interest of Rs 6.64 Lacs (PY Rs.38 Lac) capitalized towards Plant & Machinery installed during the year. (Refer Note 11 A (v)).

**Note 25 Depreciation**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<b>Depreciation expense</b>		
Tangible Assets	628	576
Intangible Assets	60	60
<b>TOTAL</b>	<b>688</b>	<b>636</b>

**Note 26 Other expenses**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
(a) - Consumption of stores and spare parts		47	119
- Power and Fuel		451	972
- Repairs - Building		8	6
- Machinery		48	58
- Packing		932	946
(b) - Rent		62	46
- Rates and taxes		24	13
- Insurance		66	69
- Miscellaneous expenses	1	725	494
Payments to the auditors	2	20	19
(c) - Freight & Forwarding Expenses		337	390
- Commission		80	64
<b>TOTAL</b>		<b>2800</b>	<b>3196</b>

26.1 (a) Includes reimbursement of Rs 2.39 Lacs to Ex-MD of the company.

(b) Includes Rs 195 Lacs of Carbon Credit written off based on the opinion of the consultant.

**26.2**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	1	1
- Fees for other services	2	1
- Reimbursement of expenses	1	1
<b>TOTAL</b>	<b>20</b>	<b>19</b>

**Note 27 Disclosures under Accounting Standards**

<b>Particulars</b>	<b>For the Year ended 31 March, 2016 (Rs. in lacs)</b>	For the Year ended 31 March, 2015 (Rs. in lacs)
<b>Earnings per share</b>		
Basic and diluted		
Net profit for the year (Rs. In lacs)	<b>93</b>	100
Weighted average number of equity shares (Nos.)	<b>4886440</b>	4886440
Par value per share (In Rs.)	<b>10</b>	10
Earnings per share - Basic and diluted in Rs.	<b>1.90</b>	2.04

**Note 28 Disclosures under Accounting Standards**

<b>Particulars</b>	<b>As at 31 March, 2016 (Rs. in lacs)</b>	As at 31 March, 2015 (Rs. in lacs)
<b>Components of deferred tax balances</b>		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	<b>1579</b>	1361
Tax effect of items constituting deferred tax liability	<b>1579</b>	1361
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.16	<b>1129</b>	828
Disallowances under Section 43B of the Income Tax Act, 1961	<b>60</b>	<b>173</b>
Tax effect of items constituting deferred tax assets	<b>1189</b>	1001
<b>Deferred tax liability (net)</b>	<b>390</b>	360

**Note:-**

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Milkfood Limited (hereinafter referred to as “the Holding Company”) and its subsidiary MFL Trading (P) Limited (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

## Management's Responsibility for the Consolidated Financial Statements

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

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

## Auditor's Responsibility

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

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

Attention is drawn to the Note No.5.1 regarding classification of security deposits from suppliers, Note No 5.2 regarding security deposits from consignees/Advance from customers, Note No. 11(A)(i) regarding impairment of assets, Note No. 11(A)(iv) regarding life of assets, Note No. 13.1 & 18.1 regarding amount due from employees/others, Note No. 14.3 regarding unamortized expenses, Note 15.1 regarding valuation of CER, Note No. 15.2 regarding cost incurred on Tree & Plantation in earlier year and reclassification, Note No. 18.2 regarding Carbon credit receivable, Note No. 21A regarding exceptional items, Note No. 23.1 (c) regarding salary to related party, Note No. 23.1(d) & 26.1 (a) regarding reimbursement of medical/other expenses to Ex – MD and Note No. 26.2(b) regarding Carbon credit written off. Our opinion is not qualified in respect of these matters.

## Other Matters

We did not audit the financial statements / financial information of MFL Trading (P) Ltd (subsidiary), whose financial statements / financial information reflect total assets of Rs. 15,426/- as at 31st March, 2016, total revenues of Rs. NIL and net cash outflows amounting to Rs. 23,706/- for the year ended on that date, as considered in the consolidated financial statements.

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

Our report is not qualified in respect of other matters.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable, that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books;
  - (c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statement;
  - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of statutory auditor of its subsidiary company incorporated in India, none of the directors of these entities is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure A**”, which is based on the auditors reports of the holding Company and Subsidiary Company ; and
  - (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on financial position of the Group;
    - ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Group.

**for Madan & Associates**  
*Chartered Accountants*  
Firm’s registration number: 000185N

**M. K. Madan**  
*Proprietor*

Membership number: 082214

Place : New Delhi  
Date : 30 May 2016

## **ANNEXURE “A”**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Milkfood Limited (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), incorporated in India, as of that date.

#### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS:**

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

#### **AUDITORS’ RESPONSIBILITY:**

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

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

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

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:**

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

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:**

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



**OPINION:**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiaries, associates, and jointly controlled entities which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**OTHER MATTERS:**

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

*for Madan & Associates*  
*Chartered Accountants*  
Firm's registration number: 000185N

**M. K. Madan**  
*Proprietor*  
Membership number: 082214

Place : New Delhi  
Date : 30 May 2016

# Consolidated Balance Sheet

as at 31st March, 2016

Particulars	Note No.	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	3,063	2,970
		<u>3,552</u>	<u>3,459</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	2,258	1,395
(b) Deferred tax liabilities (net)	28	390	360
(c) Other long-term liabilities	5	4,430	6,153
(d) Long-term provisions	6	160	170
		<u>7,238</u>	<u>8,078</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5,907	5,937
(b) Trade payables	8	2,033	3,899
(c) Other current liabilities	9	1,578	1,630
(d) Short-term provisions	10	44	56
		<u>9,562</u>	<u>11,522</u>
<b>TOTAL</b>		<u><u>20,352</u></u>	<u><u>23,059</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11(A)	10,006	10,134
(ii) Capital work-in-progress	11(B)	155	146
		<u>10,161</u>	<u>10,280</u>
(b) Investments	12	1	1
(c) Long-term loans and advances	13	423	507
(d) Other non current assets	14	487	48
		<u>11,072</u>	<u>10,836</u>
<b>2 Current assets</b>			
(a) Inventories	15	6,462	8,858
(b) Trade receivables	16	1,716	1,499
(c) Cash and cash equivalents	17	161	179
(d) Short-term loans and advances	18	703	1,687
(e) Other current assets	19	238	-
		<u>9,280</u>	<u>12,223</u>
<b>TOTAL</b>		<u><u>20,352</u></u>	<u><u>23,059</u></u>

Summary of significant accounting policies and additional notes to Accounts

1

The accompanying notes 1 to 28 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2016

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

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

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2016

Particulars	Note No.	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
<b>1 Revenue from operations (gross)</b>	20	<b>37279</b>	37095
Less: Excise duty		-	-
Revenue from operations (net)		<b>37279</b>	37095
<b>2 Other income</b>	21	<b>22</b>	154
<b>3 Total revenue (1+2)</b>		<b>37301</b>	37249
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	22A	<b>28566</b>	31579
(b) Purchase in stock in trade		-	-
(c) Changes in inventories of finished goods and work-in-progress	22B	<b>2531</b>	(577)
(d) Employee benefits expenses	23	<b>1257</b>	1309
(e) Finance Cost	24	<b>1264</b>	935
(f) Depreciation and amortisation expenses	25	<b>688</b>	636
(g) Other expenses	26	<b>2801</b>	3197
<b>Total expenses</b>		<b>37107</b>	37079
<b>Profit before exceptional and extraordinary items</b>		<b>194</b>	170
Exceptional Items Expenses (Net of Income)	21A	<b>42</b>	-
<b>5 Profit before tax (3-4)</b>		<b>152</b>	<b>170</b>
<b>6 Tax expense:</b>			
(a) Current tax		<b>30</b>	34
(b) Adjustment for (excess) / short provision for earlier years		-	-
(c) Net current tax expense		<b>30</b>	34
(d) Deferred tax	28	<b>30</b>	37
<b>Total Tax</b>		<b>60</b>	71
<b>7 Profit/(loss) for the period from Continuing operation after tax (5-6)</b>		<b>92</b>	99
<b>8 Profit/(Loss) from discontinuing operation</b>			-
<b>9 Profit/(loss) for the period (7+8)</b>		<b>92</b>	99
<b>10 Earnings per share (of Rs 10/- each):</b>			
Basic and Diluted - in Rs `	27	<b>1.88</b>	2.02
Summary of significant accounting policies and Additional Notes to Accounts	1		

The accompanying notes 1 to 28 are integral part of the financial statements

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

For & On behalf of the Board of Directors

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place : New Delhi  
Date : 30th May, 2016

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

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

# Consolidated Cash Flow Statement

for the year ended 31st March, 2016

Particulars	Note No.	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
<b>A. Cash flow from operating activities:</b>			
Net profit before taxation		152	170
Adjustments for:			
Depreciation and Amortisation expense		688	636
Finance costs	1	1264	935
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(25)	(40)
Profit on Sales of Investment - Net		-	(1)
Liabilities no longer required written back		(10)	(138)
Interest Income		(12)	(15)
Exchange rate variation		-	(17)
Exceptional Items Expenses (Net)		42	-
<b>Operating profit before working capital changes</b>		<b>2099</b>	<b>1530</b>
<u>Changes in working capital</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		2426	(723)
Trade receivables		(210)	(718)
Long term loans and advances		84	(95)
Short term loans and advances		1684	(134)
Other non current assets		(476)	-
Other current assets		(238)	-
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(1866)	(196)
Other current liabilities		(304)	(500)
Other long term liabilities		(1722)	1370
Short term provisions/ Long Term Provisions		(21)	36
<b>Cash Generated From Operations before extraordinary item</b>		<b>1456</b>	<b>571</b>
Extraordinary Item Income (Net)		-	-
<b>Net cash flow from operating activities (A)</b>		<b>1456</b>	<b>571</b>
<b>B. Cash flow from investing activities:</b>			
Capital expenditure on fixed assets,		(656)	(724)
Capital work in progress		(9)	78
Proceeds from sale of Investment & Fixed Assets		53	2
Interest received		12	15
<b>Net cash flow used in investing activities (B)</b>		<b>(600)</b>	<b>(629)</b>
<b>C. Cash flow from financing activities:</b>			
Short-term borrowings		(30)	916
Proceeds from fixed deposits		(346)	(556)
Proceeds from vehicle loan		(201)	179
Proceeds from term loan		2158	(427)
Proceeds from intercorporate Deposit & other deposit		(500)	99
Proceeds from short term advances		(700)	700
Finance costs		(1264)	(935)
Exchange rate variation		-	17
Liabilities no longer required written back		10	138
<b>Net cash flow used in financing activities (C)</b>		<b>(873)</b>	<b>131</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>(18)</b>	<b>73</b>
Cash and cash equivalents at the beginning of the year		179	106
<b>Cash and cash equivalents at the end of the year</b>		<b>161</b>	<b>179</b>

Note:-

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

The accompanying notes 1 to 28 are integral part of the financial statements

In terms of our report of even date

For **Madan & Associates**

Chartered Accountants

FRN. 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**

Proprietor

Membership No. 82214

Place : New Delhi

Date : 30th May, 2016

**Rakesh K Thakur**  
Company Secretary

**Sanjeev Kothiala**  
C.F.O

**Sudhir Avasthi**  
C.E.O

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

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

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

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

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

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

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

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

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

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

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

On Assets Held for Disposal: On SLM as per rates in schedule II of Company Act 2013 and in case net realized value is lower than the written down value then depreciation is charged to confirm the carrying value to net realized value.

#### **1.4 Intangible Assets**

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

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

#### **1.5 Impairment of Assets:-**

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

#### **1.6. Investments**

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

#### **1.7 Inventories**

Inventories (including whey powder - by product) are valued on lower of cost or net realizable value. In pursuance of AS-2 indirect production overhead (estimated by the Management) have been allocated for ascertainment of cost.

#### **1.8 Retirement Benefits**

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

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashment are carried forward on year to year basis and facility is granted to employees only in the year of determination of service.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10 Lac. During the year company has made provision of gratuity and leave encashment of Rs.201 Lac as per AS-15.
- (e) Provident Fund:  
The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

#### **1.9 Revenue Recognition**

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net

Realizable Value (NRV- certified by the consultant) as per AS-2 of ICAI. Total cost incurred is nil (Rs.25.82 Lac in previous year) for CDM project being lower than NRV of 128919 CER Units which have been valued on consultant's advice for potential realization at valuation at an amount not less than at what they are stated in the Balance Sheet.

#### 1.10 Manufacturing policy

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

#### 1.11 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date. For computing the deferred tax liability/assets, benefit of brought forward losses has been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s). Deferred tax liability for the year ended 31.03.2016 is Rs.390 Lac (Previous Year Rs.360 Lac). During the year deferred tax asset of Rs.91.92 Lac has been recognized in respect of losses on disposal of investment to be carried forward for adjustment in near future regarding accrual of Capital gain as certified by the Management.

#### 1.12 Borrowing Costs

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

During the year interest of Rs.6.64 Lac (PY Rs. 38 Lac) has been capitalized in Plant & Machinery in accordance with AS-16 as certified by the Management. Processing fees charged by banks are amortized as per the tenure of the loan.

#### 1.13 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account .At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account.

The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period.

### (B) ADDITIONAL NOTES TO ACCOUNTS

#### i. Contingent liabilities:

Claims not acknowledged as debts Rs.99 Lac (Previous year Rs.95Lac) and guarantee / obligations of Rs.400 Lac. (Previous year 400 Lac ).

#### ii. Estimated amount of contracts remaining to be executed on capital account is Rs.18 Lac and not provided for (Net of Advances) (Previous year Rs. 5 Lac).

#### iii. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
Travelling	2	1
<b>TOTAL</b>	<b>2</b>	<b>1</b>

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

Indigenous	For the year ended 31 March, 2016	
	(Rs. in lacs)	%
Raw materials and components	28566 (31578)	100 (100)
Stores and spare parts	47 (119)	100 (100)
<b>TOTAL</b>	<b>28613 (31697)</b>	

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

**(v) Earnings in foreign exchange**

Particulars	For the year ended 31 March, 2016 (Rs. in lacs)	For the year ended 31 March, 2015 (Rs. in lacs)
Export of goods calculated on FOB basis	-	1961
<b>TOTAL</b>	-	1961

**(vi) Related Party Disclosers:****A. Details of related parties with whom the Company had transactions during the year.**

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

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	14 (15)	- -	14 (15)
Rent paid	4 (4)	- -	4 (4)
Interest Received	- (91)	- -	- (91)
Amount received for Services	29 (73)	- -	29 (73)
Reimbursement of Expenses	- (3)	- -	- (3)
Managerial Remuneration (including sitting fees)	- -	332 (299)	332 (299)
Sales/Purchase	8 (14)	- -	8 (14)
Outstanding Payables, net of Receivable	5 (718)	8 (318)	13 (1036)

Note: Figures in bracket relates to the previous year

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

**(vii) Segment Reporting**

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

## Note 2 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
<b>(a) Authorised</b>				
Equity shares of Rs.10 each	7,500,000	750	7,500,000	750
Cumulative redeemable Preference shares of Rs. 100 each	50,000	50	50,000	50
	<b>7,550,000</b>	<b>800</b>	7,550,000	800
<b>(b) Issued</b>				
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489
<b>(c) Subscribed and Paid up</b>				
Equity shares of Rs.10 each	4,886,440	489	4,886,440	489
Less: Calls in Arrears (Rs.0.19 lacs on 2875 partly paid shares)		0		0
	<b>4,886,440</b>	<b>489</b>	4,886,440	489
Add Amount paid on Forfeited Shares (Rs.0.07 lacs on 1450 shares)		0		0
<b>TOTAL</b>	<b>4,886,440</b>	<b>489</b>	4,886,440	489

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

Particulars	Opening Balance	Fresh issue	Redemption	Closing Balance
	Equity shares			Equity shares
<b>Year ended 31 March, 2016</b>				
- Number of shares	4,886,440	-	-	4,886,440
- Amount (Rs in lacs)	489	-	-	489
Year ended 31 March, 2015				
- Number of shares	4,886,440	-	-	4,886,440
- Amount (Rs in lacs)	489	-	-	489

2.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms Roshini Sanah Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%



### Note 3 Reserves and surplus

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) Capital redemption reserve</b>		
At the beginning and at the end of the year	0	0
<b>(b) Securities Premium Reserve</b>		
At the beginning and at the end of the year	670	670
<b>(c) Other Reserve: General reserve</b>		
At the beginning of the year	2300	2206
Less : Depreciation	-	5
Add: Transferred from Surplus in Statement of Profit and Loss	92	99
At the end of the year	2393	2300
<b>TOTAL</b>	<b>3063</b>	<b>2970</b>

### Note 4 Long-term borrowings

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) Term loans - Secured</b>		
From banks	1,876	219
From others	183	352
<b>(b) Term Loans - Unsecured -Others</b>	<b>199</b>	<b>824</b>
<b>TOTAL</b>	<b>2,258</b>	<b>1,395</b>

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

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>From Banks: Secured</b>			
Canara Bank (Term Loan)	4.1	752	155
ICICI (Vehicle Loan)	4.2	1	4
HDFC Bank (Vehicle Loan)	4.3	27	60
SBOP (Corporate loan)	4.4	1,096	-
<b>TOTAL</b>		<b>1,876</b>	<b>219</b>
<b>From Others: Secured</b>			
Kotak Mahindra Prime Ltd (Vehicle Loan)	4.5	183	352
<b>TOTAL</b>		<b>183</b>	<b>352</b>
<b>From Others-Unsecured :</b>			
Kotak Mahindra Bank Ltd	4.6	102	99
Non Banking Financial Companies	4.7	78	-
Inter Corporate Deposits	4.8	-	500
Public Deposits	4.9	19	225
<b>TOTAL</b>		<b>199</b>	<b>824</b>

#### Notes:-

##### Term Loans From Banks:

- 4.1 (a) Rupee Loan from Canara Bank of Rs.955 lacs at interest rate of 13.65% and 13.70% p.a is payable at monthly rests as detailed hereunder:-  
Rs.800 lacs ( From April'2016 to January '2022) Refer Note No.9.1 (a)  
Rs.155 lacs ( From April'2016 to Nov'2016)
- (b) This Loans sanctioned by Canara Bank are secured by the exclusive charge on fixed assets to the extent of Rs.19.50 Crores and exclusive charge on plant and machineries purchased for the fresh loan of Rs.8.00 Cr and pari-passu 1st charge with State Bank of Patiala on balance fixed assets. As per MCA 21charge registered with Canara bank is of Rs.20 Crores.
- 4.2 Vehicle Loan of Rs.4 Lac from ICICI Bank Ltd is repayable in monthly instalments by May'2017 and carry interest of 10.50%. Refer Note no. 9.1 (b).

- 4.3 Vehicle Loans of Rs. 61 Lac (Two in number) from HDFC Bank Limited is repayable in monthly instalments by Dec'2017 and carry interest of 10.25%. ( Refer note no. 9 (a).
- 4.4 Rupee Loan from State Bank of Patiala of Rs. 1313 lacs at interest rate 11.95% p.a is payable at monthly installment by July, 2021
- 4.5 Vehicle loans are secured against hypothecation of respective vehicles.
- (a) Vehicle Loans of Rs.187 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by June' 2017 and carry interest rate of 14.15% p.a . Refer Note No.9.1(b)
- (b) Vehicle Loans of Rs.253 Lac from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Mar ' 2019 and carry interest rate of 9.95% to 11.89% p.a . Refer Note No.9.1(b)
- (c) Vehicle Loans of Rs.38 Lac from Kotak Mahindra Prime Limited are repayable by Feb'2017 and carry interest of 14.91% . (Refer note no. 9.1(b))
- (d) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 64.
- 4.6 Term Loans from Kotak Mahindra Bank Ltd as detail hereunder :-
- (a) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.154 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Feb'2018. Refer note no.9.1(c).
- (b) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.73 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Aug '2017. Refer note no.9.1(c).
- (c) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.99 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Feb '2017. Refer note no.9.1(c).
- 4.7 Unsecured Loans**
- (a) Rupee Loan from Magma Fincorp Ltd of Rs.84 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. Refer note no.9.1(c)
- (b) Rupee Loan from Bajaj Finance Ltd of Rs.33 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. Refer note no.9.1(c)
- (c) Rupee Loan from Tata Capital Financial Service Ltd of Rs.33 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. Refer note no.9.1(c)
- 4.8 During the year intercorporate deposit of Rs. 325 lakh from win win traders (P) Ltd has been transferred to security deposit account and Rs.175 Lac has been adjusted in supplier account. Refer note 5.1.
- 4.9 Public deposits matured but unclaimed amounting to Rs 19 lacs (Previous Year 10 lacs).

#### Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Others:			
(i) Security deposits received	5.1	771	2920
(ii) Security Deposit from Consignee/Advances from customers	5.2	3649	3225
(iii) Others payable	5.3	10	8
<b>TOTAL</b>		<b>4430</b>	<b>6153</b>

#### Footnote:-

- 5.1** Security Deposits are confirmed by Suppliers payable after 31.03.2017 and have been accordingly classified.
- 5.2** (a) Security Deposits are confirmed by Consignees payable after 31.03.2017 and have been accordingly classified.  
(b) Includes sum of Rs.79 Lacs which is repayable beyond twelve months from the reporting date, as certified by the management.
- 5.3** Includes Rs 9 Lac towards Public Deposit interest payable (to be transferred to investor education fund in future years) and Rs. 1 lac payable to ex-employee pending final decision of court.

#### Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Provision for employee benefits: (Retirement benefit)	6.1	157	159 ]
(b) Provision for Sales Tax		3	11
<b>TOTAL</b>		<b>160</b>	<b>170</b>

- 6.1** Provision for Gratuity and leave encashment has been made in terms of AS-15 (Revised). For Gratuity Liability has been determined as on 31.03.2016 and for Leave Encashment Liability it is determined on calendar year basis. Also Refer Note No.10.

## Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>From Bank - Secured</b>			
Cash Credit	7.1	5907	5937
<b>TOTAL</b>		<b>5907</b>	<b>5937</b>

### Note:-

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

The State Bank of Patiala has also extended supplier's line of credit to the extent of Rs.400 Lac covered in the charge created by the company in its overall limits. Refer Note 4.1(b).

## Note 8 Trade payables

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
Trade payables	8.1	2,033	3,899
<b>TOTAL</b>		<b>2,033</b>	<b>3,899</b>

### Note:-

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

## Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Current maturities of Long Term Debts	9.1	1,254	986
(b) Interest accrued but not due on Public Deposits		17	35
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		79	100
(ii) Advances from customers		28	385
(iii) Other outstanding expenses including salary & wages etc.		200	124
<b>TOTAL</b>		<b>1,578</b>	<b>1,630</b>

### 9.1 Current maturities of Long Term Debts

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) From Bank - Secured</b>		
Canara Bank - Term Loan (Refer Note 4.1)	203	240
HDFC Bank - Vehicle Loan (Refer Note 4.3)	32	36
ICICI Bank - Vehicle Loan (Refer Note 4.2)	3	0
SBOP - Corporate Loan (Refer Note 4.4)	217	0
<b>(b) From Others - Secured</b>		
Kotak Mahindra Prime Ltd - Vehicle Loan (Refer Note 4.5)	294	282
Magma Fincorp Ltd - Vehicle loan	0	4
<b>(c) From Others - Unsecured</b>		
Kotak Mahindra Bank Ltd (Refer Note 4.6)	224	93
Non Banking Financial Companies (Refer Note 4.7)	72	-
Public Deposits (Refer Note 4.8)	209	331
<b>TOTAL</b>	<b>1254</b>	<b>986</b>

## Note 10 Short-term provisions

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
Provision - Others:		
(i) Provision for employee benefit (Gratuity & Leave encashment)	44	56
<b>TOTAL</b>	<b>44</b>	<b>56</b>

## Note 11A Fixed Assets

### TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	01.04.2015	Additions	Deductions	31.03.2016	01.04.2015	For the Year	Reverse with General Reserve	On Deduction	31.03.2016	31.03.2016	31.03.2015
Freehold Land	330	-	-	330	-	-	-	-	-	330	330
Buildings	2,429	36	-	2,465	682	65	-	-	747	1,718	1,747
Plant & Machinery Refer Note 1,2 & 3	12,063	377	-	12,440	4,655	504	-	-	5,159	7,281	7,408
Furniture, Fixtures and Equipments	159	9	-	168	117	6	-	-	123	45	42
Vehicles	914	234	178	971	307	113	81	81	339	632	607
<b>Total</b>	<b>15,895</b>	<b>656</b>	<b>178</b>	<b>16,374</b>	<b>5,761</b>	<b>688</b>	<b>81</b>	<b>81</b>	<b>6,368</b>	<b>10,006</b>	<b>10,134</b>
Previous Year	15,172	724	1	15,895	5,122	636	3		5,541		
<b>(B) Capital Work in Progress</b>										<b>155</b>	<b>146</b>

### Notes:-

- 11(A) (i) There is no impairment of assets as per AS 28 of ICAI as the company has a composite plant with production facilities capable of interchangeable use for manufacture of casein and milk powder. All assets had been put to use for manufacture of milk powder.
- (ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 173 lacs. In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs. 60 lacs ( Previous Year Rs.60 lacs).
- (iii) Company has capitalized the opening work in progress and the additions made during the year at the close of the year at patiala unit and accordingly charged the depreciation.
- (iv) In respect of Plant & Machinery, company is consistently following the policy of charging depreciation over 20 years for assets purchased before 01.04.2014 on the basis of certificate given by Govt. approved valuer (Chartered Engineer) of the useful life of more than 35 years. Similarly for additions in Plant & Machinery after 01.04.2014, company has estimated useful life of 20 years (as against 15 years specified in schedule II of the companies Act 2013) based upon the certificate of suppliers/manufacturers of Plant & Machinery.
- (v) Interest of Rs 6.64 Lacs incurred prior to assets are put to use is capitalized in Plant & Machinery (PY Rs.38 Lac) as per AS -16.
- 11(B) (a) Estimated amount of capital contracts remaining to be executed is Rs.18 Lac (PY Rs.5.08Lac).
- (b) Includes Rs.148 Lac for Plant & Machinery & Rs.7 Lac for building.

## Note 12 Investment

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>Investment in Equity Shares - Unquoted</b>			
National Saving Certificates	12.1	1	1
<b>TOTAL</b>		<b>1</b>	<b>1</b>

### Note:-

12.1 Pledged with Government Authorities towards fulfillment of statutory obligations.

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

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good		-	3
(b) Security deposits Unsecured, considered good	13.1	125	118
(c) Loans and advances to employees Unsecured, considered good	13.1	141	220
(d) Prepaid expenses		50	26
(e) Sales Tax Authorities	13.2	73	104
(f) Income tax recoverable (Net of Provisions)	13.3	34	36
<b>TOTAL</b>		<b>423</b>	<b>507</b>

**Notes:-**

- 13.1 Advances, security deposits and advances to employees are considered good for recovery as certified by the Management.(Refer Note No 18a). During the year company has realised Rs.15 lakh from non moving advances of earlier years. Amount is being realised as stipulated.
- 13.2 Deposit with Sales Tax Authorities represents the amount deposited as a condition for the appeal and considered good for recovery as certified by the management.
- 13.3 Pertains to earlier years and reconciliation is in process.

**Note 14 Other Non current assets**

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Trade Receivables Unsecured, considered good	14.1	11	18
(b) Trees and Plantation (Refer Note 15.2)	14.2	0	30
(c) Unamortized Expenditure (Refer Note 19)	14.3	476	0
<b>TOTAL</b>		<b>487</b>	<b>48</b>

**Notes:-**

- 14.1 Includes Rs. 7 lakh due from government departments outstanding for a period exceeding 3 Years. Management certifies that these are good for recovery. Necessary adjustment, if any, will be effected in FY 2016-17
- 14.2 Reclassified as inventory (Refer Note 15.2)
- 14.3 Company has incurred Rs. 951.44 Lacs on advertisement of dairy creamer which has been launched during the year. This amount is being amortized in four years and accordingly Rs. 237.86 Lacs has been amortized during the year. An amount of Rs. 733.81 is being carried forward to subsequent years, out of which Rs. 237.86 Lacs has been shown as current and Rs 475.72 Lacs as non current assets.

**Note 15 Inventories**

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Raw materials		10	47
(b) Work-in-progress		894	507
(c) Finished goods		4601	7519
(d) Stores and spares		552	589
(e) CER (Units)	15.1	26	26
(f) Packing materials		250	170
(g) Trees & Plantation	15.2	129	-
<b>TOTAL</b>		<b>6462</b>	<b>8858</b>

**Note:-**

- 15.1 In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission

Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV- certified by the consultant) as per AS-2 of ICAI. Total cost incurred is Rs. 25.82 Lacs (Nil in current year) for CDM project being lower than NRV of 128919 CER Units. Company is confident of sale of these CER units in the FY 2016-17.

- 15.2 During the year company has accounted for income for Rs. 67.67 Lacs under exceptional item's representing cost of trees and Plantations on account of expenses incurred on Power & Fuel and labour for irrigation of the plants in earlier years. In absence of separate identifiable cost attributable to irrigation, the same has been estimated on the basis of opinion taken from the Agriculture Scientist. Further Expert has given an opinion that these trees have acquired sufficient growth for sale as at 31.03.2016. Based upon the opinion, company has classified the expenses under inventory.

#### Note 16 Trade receivables

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>(a) Secured and Considered Good</b>			
Outstanding for a period exceeding six months			
Others			
<b>(b) Unsecured and Considered Good</b>			
Outstanding for a period exceeding six months		29	7
Others		1687	1492
<b>TOTAL</b>		<b>1716</b>	<b>1499</b>

#### Note 17 Cash and cash equivalents

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Cash on hand		9	3
(b) Balances with banks			
(i) In current accounts	1	8	5
(ii) In deposit accounts		81	133
(iii) Margin accounts		63	38
<b>TOTAL</b>		<b>161</b>	<b>179</b>

#### Notes:-

1. Excludes Rs 10.05 Lac on account of issue of cheques (stale) against payment of interest.

#### Note 18 Short-term loans and advances

Particulars	Note	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
(a) Advances to employees / others			
Unsecured, considered good	18.1	205	335
(b) Prepaid expenses - Unsecured, considered good		98	68
(c) Interest Receivable		18	14
(d) Export Incentive Receivable		13	16
(e) Supplier advances - Unsecured, considered good		62	752
(f) Balances with government authorities			
Unsecured, considered good			
(i) Input Tax Credit		2	2
(ii) Sales Tax Authorities		1	1
(g) Amounts Receivable		2	2
(h) Carbon Credit Receivable	18.2	302	497
<b>TOTAL</b>		<b>703</b>	<b>1,687</b>

#### Footnote:-

- 18.1 Classified as Short Term loans as certified by the Management.

18.2 Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. Reduction in value represents amount written off on the basis of opinion of the consultant and the balance is classified as short term as company is of the view that the units are likely to be sold in the FY 2016-17. Adjustments if any shall be effected on disposal of the units.

#### Note 19 Other current assets

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
Unamortized Expenditure (Refer Note 14)	238	0
<b>TOTAL</b>	<b>238</b>	<b>0</b>

#### Note 20 Revenue from operations

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Sale of products	20.1	37233	36940
Other operating revenues	20.2	46	155
<b>Revenue from operations (Gross)</b>		<b>37279</b>	<b>37095</b>
Less: Excise duty		-	-
<b>Revenue from operations (net)</b>		<b>37279</b>	<b>37095</b>

##### 20.1

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	30508	26713
- Milk Powder	6725	10227
<b>Total - Sale of products</b>	<b>37233</b>	<b>36940</b>

##### 20.2

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	46	31
Export incentives	-	107
Foreign exchange fluctuation	-	17
<b>Total - Other operating revenues</b>	<b>46</b>	<b>155</b>

#### Note 21 Other income

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
(a) Interest income on Fixed Deposits	12	15
(b) Other income	10	139
<b>TOTAL</b>	<b>22</b>	<b>154</b>

**Note 21A**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<b>Exceptional Items</b>			
Deferred Revenue Expenditure	1	238	-
Liabilities / provisions no longer required written back	2	(196)	-
<b>TOTAL</b>		<b>42</b>	<b>-</b>

21A (1) Amortized on account advertisement expenses incurred on the launch of new product "Dairy Whitener".

21A (2) Includes amounts written back on account of expenses incurred in earlier years on trees & plantation (Refer Note 15.2), security deposit and other balances written back which are no longer payable, as certified by the management. (Refer Note 5.1)

**Note 22 A. Cost of Material Consumed**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Material consumed comprises:		
Milk	3318	16546
Ghee	20032	14358
Others	5216	675
<b>TOTAL</b>	<b>28566</b>	<b>31579</b>

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

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	4601	7519
Work-in-progress	894	507
	<b>5495</b>	<b>8026</b>
<u>Inventories at the beginning of the year:</u>		
Finished goods	7519	6960
Work-in-progress	507	489
	<b>8026</b>	<b>7449</b>
<b>Net (increase) / decrease</b>	<b>2531</b>	<b>(577)</b>

**Note 23 Employee benefits expenses**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Salaries, wages and other Benefits	23.1	1146	1201
Contributions to provident funds		53	52
Staff welfare expenses		58	56
<b>TOTAL</b>		<b>1257</b>	<b>1309</b>

**Footnote:-**

- 23.1 (a) Provision for Gratuity and Leave encashment has been made during the year in terms of AS-15 (Revised).  
 (b) Includes provision of minimum bonus of Rs. 14.25 lacs ( Previous year Rs.6.33 lacs) under the payment of Bonus Act 1965.  
 (c) Includes Rs.156 Lac paid to related party subject to approval by the shareholders in the AGM.  
 (d) Includes Rs 11.45 Lacs reimbursed to Ex- MD of the company towards medical expenses.



**Note 24 Finance costs**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
(a) Interest expense on: Borrowings	24.1	1140	789
(b) Other borrowing costs (Bank and other financing charges)		124	146
<b>TOTAL</b>		<b>1264</b>	<b>935</b>

24.1 Interest of Rs 6.64 Lacs (PY Rs.38 Lac) capitalized towards Plant & Machinery installed during the year. Refer Note 11A(v)).

**Note 25 Depreciation**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<b>Depreciation expense</b>		
Tangible Assets	628	576
Intangible Assets	60	60
<b>TOTAL</b>	<b>688</b>	<b>636</b>

**Note 26 Other expenses**

Particulars	Note	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
(a) - Consumption of stores and spare parts		47	119
- Power and Fuel		451	972
- Repairs - Building		8	6
- Machinery		48	58
- Packing		932	946
(b) - Rent		62	46
- Rates and taxes		24	13
- Insurance		66	69
- Miscellaneous expenses	1	725	495
Payments to the auditors	2	20	19
(c) - Freight & Forwarding Expenses		337	390
- Commission		80	64
<b>TOTAL</b>		<b>2800</b>	<b>3197</b>

26.1 (a) Includes reimbursement of Rs 2.39 Lacs to Ex-MD of the company.

(b) Includes Rs 195 Lacs of Carbon Credit written off based on the opinion of the consultant.

**26.2**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
Auditors Remuneration and expenses ( including Service Tax)		
- Audit fee	16	16
- Tax audit fees	1	1
- Fees for other services	2	1
- Reimbursement of expenses	1	1
<b>TOTAL</b>	<b>20</b>	<b>19</b>

**Note 27 Disclosures under Accounting Standards**

Particulars	For the Year ended 31 March, 2016 (Rs. in lacs)	For the Year ended 31 March, 2015 (Rs. in lacs)
<b>Earnings per share</b>		
Basic and diluted		
Net profit for the year ('Rs. In lacs)	92	99
Weighted average number of equity shares (Nos.)	4886440	4886440
Par value per share ( In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	1.88	2.04

**Note 28 Disclosures under Accounting Standards**

Particulars	As at 31 March, 2016 (Rs. in lacs)	As at 31 March, 2015 (Rs. in lacs)
<b>Components of deferred tax balances</b>		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1579	1361
Tax effect of items constituting deferred tax liability	1579	1361
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.16	1129	828
Disallowances under Section 43B of the Income Tax Act, 1961	60	173
Tax effect of items constituting deferred tax assets	1189	1001
<b>Deferred tax liability (net)</b>	<b>390</b>	<b>360</b>

**Note:-**

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



