

# KMG MILK FOOD LIMITED

Annual report 2009-10

**KMG MILK FOOD LIMITED**  
**[FORMERLY RAHUL DAIRY & ALLIED PRODUCTS LTD.]**

**18<sup>TH</sup> ANNUAL REPORT**

**2009 - 2010**

**REGISTERED OFFICE & WORKS:**

9<sup>th</sup> KM Stone, Pipli to Ambala,  
G.T. Road, Vill. Masana,  
Distt. Kurukshetra,  
Haryana – 132 118.

**HEAD OFFICE:**

375, First Floor, Main Road  
Gazipur, Delhi – 110 096

**KMG MILK FOOD LIMITED**  
**[FORMERLY RAHUL DAIRY & ALLIED PRODUCTS LTD.]**

**ANNUAL REPORT 2009-10**

**BOARD OF DIRECTORS**

|                         |                                |
|-------------------------|--------------------------------|
| Sh. Basudev Garg        | Chairman & Whole time Director |
| Sh. M. S. Venkateswaran | Director                       |
| Sh. S. V. Joshi         | Director                       |
| Sh. R. Sundra Raj       | Director                       |
| Sh. B. B. Raina         | Director                       |
| Sh. Pawan Goel          | Director                       |

**AUDITORS**

**M/s Rajan K Gupta & Co.,**  
Chartered Accountants  
19, Chawla Complex,  
A-215, Shakarpur,  
Delhi-110 092.

**BANKERS**

Canara Bank, Shankar Nagar, Delhi.  
Canara Bank, Kurukshetra, Haryana.  
Syndicate Bank, Kurukhetra (Haryana)

**REGISTERED OFFICE & WORKS**

9<sup>th</sup> KM Stone,  
Pipli to Ambala,  
G.T. Road, Vill. Masana  
Distt. Kurukshetra  
Haryana – 132 118

**HEAD OFFICE**

375, First Floor, Main Road,  
Gazipur, Delhi -110 096

**KMG Milk Food Ltd.**

375, 1st Floor, Main Road, Gazipur  
Delhi-110096, India  
Tel. : 011-43160000 (100 lines)  
info@kmggroup.com  
www.kmggroup.com



**NOTICE**

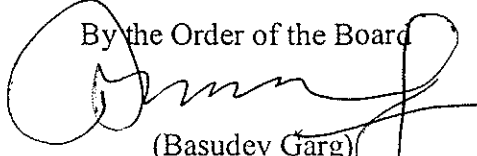
**NOTICE** is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of the Company will be held on Monday, the 27<sup>th</sup> September, 2010 at 13.00 hrs. at the Registered Office of the Company at 9<sup>th</sup> K.M. Stone, Pipli to Ambala, G.T. Road, Vill. Masana, Distt. Kurukshetra, Haryana - 132 118 to transact the following business:

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the accounts, balance sheet of the Company and the reports of the Directors and auditors thereon for the year ended 31<sup>st</sup> March 2010.
2. To appoint Auditors and fix their remuneration.
3. To elect Directors in place of Sh. S V Joshi and Mr. R Sundra Raj who retires by rotation and being eligible offers himself for re-appointment.

Registered Office:

9<sup>th</sup> KM Stone,  
Pipli to Ambala,  
G.T. Road, Vill. Masana  
Distt. Kurukshetra  
Haryana – 132 118  
Dated: 19.08.2010

By the Order of the Board  
  
(Basudev Garg)  
Chairman & Whole time Director

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Proxy in terms of the enclosed form

duly executed should reach the Company's Registered Office at least 48 hours before the time fixed for the meeting.

2. Copies of the relevant Directors' Report, Auditors' Report, Profit & Loss Account and Balance Sheet of the Company are enclosed.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 20.09.2010 to 27.09.2010 (both days inclusive).
4. Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed.
5. Members are requested to:
  - a) notify to the Company change in their addresses immediately,
  - b) quote their Folio Number in all correspondence with the Company and
  - c) bring their copy of the Annual Report and the Attendance Slip duly filled in for the meeting.



**KMG MILK FOOD LIMITED**  
**DIRECTORS' REPORT**

The Directors hereby present their 18<sup>th</sup> Annual Report on the business and operations of the company and financial results for the year ended 31<sup>st</sup> March 2010.

**01. FINANCIAL HIGHLIGHTS:**

*(Rs. In lacs)*

| <i>Particulars</i>                                 | <i>For the Year<br/>Ended 31.03.2010</i> | <i>For the Year<br/>Ended 31.03.2009</i> |
|--|--|--|
| Total Income                                       | 100.17                                   | 120.10                                   |
| Total Expenditure                                  | 85.61                                    | 85.86                                    |
| Profit & Loss<br>before Interest &<br>Depreciation | 14.55                                    | 34.24                                    |
| Tax Expenses                                       | (10.95)                                  | (10.32)                                  |
| <b>Profit &amp; Loss<br/>After Tax+/-)</b>         | <b>(25.50)</b>                           | <b>(44.56)</b>                           |

**02. PERFORMANCE:**

With continuous efforts of the management of the Company during the period under report the Company achieved a turnover of Rs. 100.17 lacs including job work / processing against Rs. 120.10 lacs in previous year.

**03. DIVIDEND:**

As the Company is not having sufficient profits, your Directors do not recommend any dividend for the period under report.

**04. DIRECTORS:**

In accordance with the requirements of the Companies Act, 1956 and the Company's Articles of Association, Sh. S V Joshi and Mr. R Sundra Raj, director of the Company, retires by rotation and being eligible offers himself for reappointment.

Your directors solicit your approval for the reappointment of the director.

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

In compliance with the provisions of section 217(1)(e) of the Companies Act, 1956, the statement giving the required information is annexed hereto.

**06. PARTICULARS OF EMPLOYEES:**

During the year under report, none of the employee of the Company was in receipt of remuneration equal to/ exceeding the limit prescribed under section 217 (2A) of the Companies Act, 1956.

**07. DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under section 217(2AA) of the Companies Act, 1956 regarding the Directors' Responsibility Statement it is hereby stated:

- that in the preparation of the annual accounts for the year ended 31.03.2008, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- that the Directors have selected and applied such accounting policies consistently.
- that the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the annual accounts on a going concern basis.

**08. AUDIT COMMITTEE:**

The Company has an Audit Committee of Directors consisting of S/ Sh. Basudev Garg, Whole time Director, Shashikant Vishnu Joshi and M. S. Venkateshwaran, Directors of the Company.

**09. PERSONNEL:**

Labour Management relations were cordial during the period under report. Your Directors wish to place on record their appreciation of the valuable contribution made by all the employees to the business and operations of the company during the period under report.

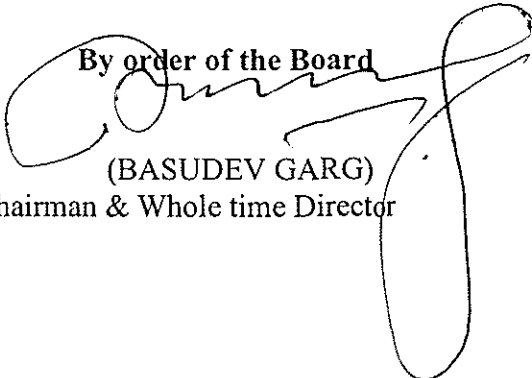
**10 INVESTOR GRIEVANCES**

The Company and investors relation has been cordial during the period under report and there are no complaints pending for redressal.

**12. ACKNOWLEDGEMENT:**

The Board gratefully acknowledges the support and cooperation extended by the Government Authorities, Financial Institutions, Banks, Distributors and Suppliers and looks forward for their continued support/ co-operation.

Date: 19/08/2010

**By order of the Board**  
  
**(BASUDEV GARG)**  
Chairman & Whole time Director



## ANNEXURE TO THE DIRECTORS' REPORT

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

### I. CONSERVATION OF ENERGY:

|  | Year Ended<br>31-03-2010 | Year Ended<br>31-03-2009 |
|--|--------------------------|--------------------------|
| <b>A. POWER AND FUEL CONSUMPTION</b>                                 |                          |                          |
| <b>Electricity</b>   |                          |                          |
| <b>(a). Purchase</b>   |                          |                          |
| Units  | Nil                      | Nil                      |
| Total Amount (in Rs.)  | Nil                      | Nil                      |
| Rate / Unit  | Nil                      | Nil                      |
| <b>(b). Own Generation:</b>  |                          |                          |
| <b>(i). Through Diesel Generator</b>                                 |                          |                          |
| Units  | Nil                      | Nil                      |
| Unit per Ltr. of Diesel  | Nil                      | Nil                      |
| Cost / Unit ( Rs.)   | Nil                      | Nil                      |
| <b>(ii). Coal</b>  |                          |                          |
| Quantity (MT)  | Nil                      | Nil                      |
| Total Cost   | Nil                      | Nil                      |
| Average Rate / MT (Rs)   | Nil                      | Nil                      |
| <b>(iii). Husk</b>   |                          |                          |
| Quantity (MT)  | Nil                      | Nil                      |
| Total Cost (Rs.)   | Nil                      | Nil                      |
| Average Rate / MT (Rs)   | Nil                      | Nil                      |
| <b>B. TOTAL QUANTITY OF MILK PROCESSED*</b>                          | Nil                      | Nil                      |
| <b>(i). Electricity (Cost per Kg of Milk Processed)</b>              | Nil                      | Nil                      |
| <b>(ii). Husk/ Coal / Fire Wood (Cost per Kg. of Milk Processed)</b> | Nil                      | Nil                      |

## **II. TECHNOLOGY ABSORPTION**

### **a. Research and Development**

The company has set up a well-equipped Research & Development facility for developing new products and continuous improvement of existing products.

### **b. Technology Absorption, Adaptation & Innovation**

The company has successfully used imported substitutes for spares resulting in valuable foreign exchange saving.

## **III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The company has not earned any foreign exchange during the year under report and the expenditure incurred was also NIL.

\* As the plant produces three different products at the same time viz. Desi Ghee, SMP and Dairy Whitener, it is not possible to give the consumption per unit of production. Hence, consumption per unit of processing has been given.

## CORPORATE GOVERNANCE

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

A brief statement on Company's philosophy on code of governance:

Good Corporate Governance refers to a system that entails transparency, fairness, accountability and integrity. The Company is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliance.

The basic philosophy of corporate governance in the Company is to achieve business excellence and enhance shareholder value, keeping in view the needs and interests of its stakeholders.

### BOARD OF DIRECTORS

The Board of Directors is an optimum combination of professionalism experiencing executive, non executive, and Independent Director formed by the shareholders, provides and evaluates the strategic directions of the Company; formulates and reviews management policies, serves and protects the overall interests of shareholders to ensure long-term value creation for stakeholders. Presently, the Board of Directors comprises of only five members viz. Mr. Basudav Garg, Mr. Pawan Goel, Mr. M. S. Venkateswaran, Mr. S. V. Joshi, Mr. B.B Raina and Mr. Sundra Raj.

#### Composition:

As on 31<sup>st</sup> March 2010, the total number of Directors of the Company was six comprising of two Executive and four Non-Executive Independent Directors.

| Name                    | Category                       |
|-------------------------|--------------------------------|
| Mr. Basudav Garg        | Chairman & Whole Time Director |
| Mr. Pawan Goel          | Executive Director             |
| Mr. M. S. Venkateswaran | Independent Director           |
| Mr. S. V. Joshi         | Independent Director           |
| Mr. Sundra Raj          | Independent Director           |
| Mr. B.B Raina           | Independent Director           |

Note:

None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than five Committees across all the Public Companies in which they are Directors.

### BOARD MEETING

During the financial year ended March 31, 2010, 9 meetings of the Board of Directors were held as against the minimum requirement of 4 times. None of the two Board Meetings have a gap of more than 120 days between them. The dates of meetings and the number of directors present therein are mentioned below:

| Sr. No. | Date       | Sr. No. | Date       |
|---------|------------|---------|------------|
| 1.      | 28.04.2009 | 6.      | 30.10.2009 |
| 2.      | 18.06.2009 | 7.      | 23.11.2009 |
| 3.      | 06.07.2009 | 8.      | 28.01.2010 |
| 4.      | 27.07.2009 | 9.      | 26.03.2010 |
| 5.      | 04.09.2009 |         |            |

| S. No. | Name of Director        | No. of Meeting attending during 2009-10 |          | No. of Directorship in other Public Companies |        | No. of Membership Committee held |        |
|--------|-------------------------|---|----------|---|--------|----------------------------------|--------|
|        |                         | Board                                   | Last AGM | Listed  | Others | Chairman                         | Member |
| 1.     | Mr. Basudav Garg        | 9                                       | Yes      | Nil   | 1      | Nil                              | 1      |
| 2.     | Mr. Pawan Goel          | 9                                       | Yes      | Nil   | 1      | Nil                              | 1      |
| 3.     | Mr. M. S. Venkateswaran | 9                                       | Yes      | Nil   | Nil    | Nil                              | Nil    |
| 4.     | Mr. S. V. Joshi         | 7                                       | Yes      | Nil   | Nil    | Nil                              | Nil    |
| 5.     | Mr. Sundra Raj          | 9                                       | Yes      | Nil   | Nil    | Nil                              | Nil    |
| 6.     | Mr. B.B Raina           | 8                                       | Yes      | Nil   | Nil    | Nil                              | Nil    |

**Note:**

None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than five Committees across all the Public Companies in which they are Directors. The directorship/ committee membership is based on the disclosures received from the directors.

**COMMITTEES OF THE BOARD**

The Board has constituted the following standing Committees:

1. Audit Committee
2. Shareholders'/Investors' Grievance Committee

**AUDIT COMMITTEE**

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

- i) Terms of reference
  1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  2. Recommending the appointment and removal of statutory and internal Auditors (whenever required), fixation of audit fee and also approval for payment for any other services.
  3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  4. Reviewing with Management the quarterly / half yearly and the annual financial statements before submission to the Board, focusing primarily on:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    - Any Change in accounting policies and practices.
    - Major accounting entries based on exercise of judgment by management.
    - The going concern assumption.
    - Compliance with accounting standards.
    - Compliance of legal requirement concerning financial statements.
    - Any related party transactions.
  5. Reviewing with the management, statutory and internal Auditors, the adequacy and compliance of internal control system.

6. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
7. Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
8. Discussion on internal Auditors significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory Auditors about the scope of audit as well as have post audit discussion to ascertain any area of concern.
11. Reviewing the Company's financial and risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Further the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

ii) Composition:

The Committee invites concerned officials from Accounts Department and Internal Audit Department as and when required. Auditors of the Company were also invited whenever the financials of the Company are considered by the Committee

The Audit Committee comprises of 2 Independent Directors and 1 Executive Director:

1. Mr. M. S. Venkateswaran (Independent Director)
2. Mr. S. V. Joshi - (Independent Director)
3. Mr. Basudav Garg - (Executive Director)

Mr. M. S. Venkateswaran is heading the Committee. During the year under review audit committee had met five times. No two meetings have a gap of more than 120 days in between them. During the year, five Committee Meetings were held on 25.04.2009, 05.07.2009, 23.07.2009, 27.10.2009, , 23.01.2010.

The attendance record of the members of the Audit Committee for the FY 2009-10 is as under:

| <b>Name of the Member Director</b> | <b>No. of Meetings Held</b> | <b>No. of Meetings attended</b> |
|------------------------------------|-----------------------------|---------------------------------|
| Mr. M. S. Venkateswaran            | 5                           | 5                               |
| Mr. S. V. Joshi                    | 5                           | 5                               |
| Mr. Basudav Garg                   | 5                           | 5                               |

## **INVESTORS GRIEVANCE COMMITTEE**

### **i) Terms of reference**

1. To consider and review the queries/complaints received from Share/ Debenture Holders
2. To take steps to redress queries/ complaints and ensure speedy satisfaction to shareholders/ investors.
3. With a view to expediting the process of share transfer etc., on fast track basis, the Board has delegated the powers of approving transfer etc. to Non Executive Director, Mr. M. S. Venkateswaran of the Company.
4. To work under the control & supervision of the Board of Directors

### **ii) Composition:**

The Investors Grievance Committee comprises of Two Non Executive Independent Directors and One Executive Director:

1. Mr. M. S. Venkateswaran - (Independent Director)
2. Mr. S. V. Joshi - (Independent Director)
3. Mr. Basudav Garg - (Executive Director)

Meeting and attendance:

The Constitution of the Committee and the attendance of each member of the Committee are given below:

| <b>Name of the Member Director</b> | <b>No. of Meetings Held</b> | <b>No. of Meetings attended</b> |
|------------------------------------|-----------------------------|---------------------------------|
| M. S. Venkateswaran                | 5                           | 4                               |
| Mr. S. V. Joshi                    | 5                           | 5                               |
| Mr. Basudav Garg                   | 5                           | 5                               |

### **Role and Powers of Shareholders'/Investors' Grievance Committee:**

The Investors' Grievance Committee shall have the following role, functions and responsibilities:

To look into and supervise the redressal of shareholders'/Investors' Complaints.

To oversee the performance of the Registrars and Share Transfer Agents and recommend measures for overall improvement of the quality of investor services.

To consider and approve transfer of shares, transmission of shares, dematerialization of shares, transposition of shares, issuance of duplicate share, deletion of names, splitting and consolidation of shares, etc.

## **REMUNERATION-CUM-COMPENSATION COMMITTEE**

Composition:

None of the Director are being paid any remuneration, thus the company has not formed this committee.

## **GENERAL BODY MEETINGS**

Date and venue of last three Annual General Meeting

| <b>Nature of Meeting</b> | <b>Date and Time</b>                         | <b>Venue</b>  | <b>Special Resolution passed</b> |
|--------------------------|--|---|----------------------------------|
| Annual General Meeting   | 28 <sup>th</sup> December 2007 at 1.00 P.M   | 9th Kilometer Stone Pipli To Ambala, Village Masana, Kurukshetra, Haryana | None                             |
| Annual General Meeting   | 30 <sup>th</sup> September 2008 at 1.00 P.M. | 9th Kilometer Stone Pipli To Ambala, Village Masana, Kurukshetra, Haryana | None                             |
| Annual General Meeting   | 30 <sup>th</sup> September 2009 at 1.00 P.M. | 9th Kilometer Stone Pipli To Ambala, Village Masana, Kurukshetra, Haryana | None                             |

## **POSTAL BALLOT**

No resolution was passed by Postal ballot during the financial year 2009-10.

## **DISCLOSURES**

Related party transactions are defined as transactions of the Company of material nature, with promoters, directors or with their relatives etc. The transactions with related parties are disclosed in Notes to the Accounts in Financial of the Company. However, these transactions are not likely to have any conflicts with the Company's interest. The Audit Committee has reviewed these transactions.

## **MEANS OF COMMUNICATION**

The Company communicates with the shareholders at large through its Annual report and publication of financial results.

The Board of Directors of the Company approves and takes on record the Un-audited financial results within one month of the close of the quarter and the results are announced to all the stock exchanges where the shares of the company are listed. Further the highlights of the quarterly results in the prescribed Performa are published in the newspapers.

## **GENERAL SHAREHOLDER INFORMATION**

Annual General Meeting

- (a) Date and Time: 27<sup>th</sup> September 2010 at 1.00 P.M.
- Venue: 9th Kilometer Stone Pipli To Ambala, Village Masana, Kurukshetra, Haryana

- b) Financial Calendar: 2009-2010

The Company follows financial year of April to March.

Financial reporting for

- 1<sup>st</sup> Quarter ending June 30, 2010: End of July 2010
- 2<sup>nd</sup> Quarter ending September 30, 2010 : End of October 2010

- 3<sup>rd</sup> Quarter ending December 31, 2010 : End of January 2011
- Annual Result for the year ended March 31, 2010: End of June 2011
- c) Date of Book Closure/Record Date : 20<sup>th</sup> September to 27<sup>th</sup> September 2010  
(Both Days inclusive)
- d) Registered Office : 9th Kilometer Stone Pipli To Ambala,  
Village Masana, Kurukshetra, Haryana
- e) Dividend Payment Date : Not Applicable as the Board has not  
proposed any dividend
- f) Listing of Equity Shares on :  
Stock Exchanges : Delhi Stock Exchange Limited,  
Bombay Stock Exchange Limited,  
Ludhiana Stock Exchange Limited  
Jaipur Stock Exchange Limited,  
Ahmedabad Stock Exchange Limited
- g) Stock Code :  
Delhi Stock Exchange : 7161  
Bombay Stock Exchange Code : 519415  
Ludhiana Stock Exchange : RDRY  
Jaipur Stock Exchange Limited : 364  
Ahmedabad Stock Exchange Limited : 50106
- h) Registrar & Share Transfer Agents : In House Facility
- i) Market Price Data

| Month        | Value (In Rupee) |      | Volumes |
|--------------|------------------|------|---------|
|              | High             | Low  |         |
| October, 09  | N.A.             | N.A. | N.A.    |
| November, 09 | N.A.             | N.A. | N.A.    |
| December, 09 | N.A.             | N.A. | N.A.    |
| January, 10  | N.A.             | N.A. | N.A.    |
| February, 10 | N.A.             | N.A. | N.A.    |
| March, 10    | N.A.             | N.A. | N.A.    |

j) Liquidity

Shares of KMG Milk Food Limited are listed on the Delhi Stock Exchange, Bombay Stock Exchange, Jaipur Stock Exchange, Ludhiana Stock Exchange and Ahmedabad Stock Exchange. The trading has been suspended at all Stock Exchanges. So there is no liquidity in the scrips of the Company.

k) Dematerialization of Shares

Company's shares are in physical mode.



l) Outstanding GDRs/ADRs/Warrants or any other convertible instruments

Company does not have any GDRs/ADRs/Warrants or any other Convertible Instruments.

m) Investor Correspondence

n) For transfer of shares, payment of dividend on shares and any other queries relating to the shares is handled by the Company's In House facility at the following address:

9th Kilometer Stone Pipli To Ambala, Village Masana, Kurukshetra, Haryana

o) Shareholding Pattern

The shareholding pattern as on 31<sup>st</sup> March 2009:

|     | Category                                    | No. of shares held | Percentage of Shareholding |
|-----|---|--------------------|----------------------------|
| A.  | Shareholding of Promoter and Promoter Group |                    |                            |
| (1) | Indian                                      | 2,647,129          | 49.90                      |
| (2) | Foreign                                     | 0                  | 0.00                       |
|     | Total                                       | 2,647,129          | 49.90                      |
| B.  | Public Shareholding                         |                    |                            |
| (1) | Institutions                                | 0                  | 0.00                       |
| (a) | Mutual Funds/UTI                            | 0                  | 0.00                       |
| (b) | Financial Institutions/Banks                | 0                  | 0.00                       |
| (c) | Foreign Institutional Investors             | 0                  | 0.00                       |
| (d) | Any Other                                   | 0                  | 0.00                       |
|     | Sub Total                                   | 0                  | 0.00                       |
| (2) | Non Institutions                            |                    |                            |
| (a) | Bodies Corporate                            | 543,500            | 10.25                      |
| (b) | Individuals                                 | 2,113,671          | 39.85                      |
| (c) | Any Other (Public Trust)                    | 300                | 0.01                       |
|     | Sub Total                                   | 2,657,471          | 50.10                      |
|     | Grand Total                                 | 5,304,600          | 100.00                     |

For **KMG Milk Food Limited**

**Sd/-**  
**Basudev Garg**  
**Chairman and Whole Time Director**

Place: Haryana  
Date: 04.09.2009

**Certificate by Chief Executive Officer/Director on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)**

The Board of Directors

KMG Milk Food Limited

We hereby certify that for the Financial Year 2009-10:

1. We have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief : -
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
4. We further certify that: -
  - a. there have been no significant changes in internal control during this year.
  - b. there have been no significant changes in accounting policies during this year.
  - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

Place: Haryana  
Dated: 16<sup>th</sup> August 2010

Sd/-  
Basudav Garg  
Whole Time Director

**Declaration by the Whole Time Director under Clause 49 of the Listing Agreement**

As per requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has laid down a Code of Conduct for its Board of Directors and Senior Management.

I, Basudev Garg, Whole Time Director of the Company confirm the compliance of this code by myself and other members of the Board of Directors and Senior Management personnel as affirmed by them individually, for the year ended 31<sup>st</sup> March, 2010.

Place: Haryana  
Dated: 16<sup>th</sup> August 2010

Sd/-  
Basudav Garg  
Whole Time Director

## CERTIFICATE

To

The Members of KMG Milk Food Limited

We have examined the compliance of conditions of corporate governance by KMG Milk Food Limited for the year ended on 31.03.2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mention Listing Agreement.

We state that no grievance(s) is pending against the company as per the records maintained by the Company.

We further state that such compliance is neither as 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.

Place: Agra  
Date: 16<sup>th</sup> August, 2010

Vishal Sharma  
Practicing Company Secretary  
CP Number- 7930

# RAJAN K. GUPTA & CO.

Chartered Accountants

AUDITOR'S REPORT

THE MEMBERS OF KMG MILK FOOD LTD.

(A) We have audited the attached Balance Sheet of M/s KMG MILK FOOD LTD As at 31<sup>st</sup> March 2010 and together with the Profit & loss Account of the company for the year ended on that date both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

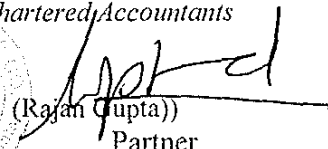
(B) We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on the test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

(C) As require by the companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we consider appropriate and according to the information and explanations given to us, a statement on the matters specified in Paragraphs (4 &5) of the said order is annexed as Annexure-A.

(D) Further to our comments in the order referred to above we report that: -

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
2. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;
3. The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As per the representation made to us by all Directors of the company none of the Directors is disqualified from being appointed as Directors U/s 274(1) (g) of the companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us the said accounts together with notes thereon and statement on significant Accounting Policies give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India: -
  - (a) In the case of Balance Sheet of the State of Affairs of the company as on 31<sup>st</sup> March, 2010, and
  - (b) In the case of the Profit & Loss Account of the profit for the year ended on that date.

Place: Delhi  
Dated: 19/08/2010

For RAJAN K. GUPTA & CO.  
Chartered Accountants  
  
(Rajan Gupta)  
Partner  
M.NO 74696  
FRN 005945C

## ANNEXURE TO THE AUDIT REPORT OF KMG MILK FOOD LTD.

Referred to in paragraph 3 of our report of even date,

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) All the assets have not been physically verified by the management during the year but there is a regular programmed of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
  
(c) During the year, the company has not disposed off a major part of the plant and machinery and consequently the going concern has not been affected.
2. (a) since no stock of inventory, hence physically verification of the stock not required.
3. (a) The company had taken secured loan from banking companies and therefore the provisions regarding taking of loan by the company from other companies covered in the register maintained under section 301 of the Companies Act, 1956 is applicable to the company.  
  
(b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.  
  
(c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.  
  
(d) There is no overdue amount of loans taken from or granted to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in internal controls.
5. (a) Based on the Audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
6. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements have been entered in the register maintained under section 301 of the Companies Act, 1956



7. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. The provision regarding maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 does not apply to the company under review.
10. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.  
  
(b) According to the information and explanation given to us, and the records of the company examined by us, the particulars of dues of Income Tax, Sales Tax & SEBI as at 31<sup>st</sup> March 2010 which has not been deposited on account of dispute are mentioned in annexure 'A'.

| Nature of the Statute  | Nature of Dues | Amount in Lacs | Period to which the amount relates | Forum where the dispute is pending |
|------------------------|----------------|----------------|------------------------------------|------------------------------------|
| Central Sales Tax      | TAX DEMAND     | 2.53           | ---                                | DETC, KAITHAL                      |
| Stock Exchanges Demand | Fees           | 6.26           | Since 1995                         | SEBI                               |

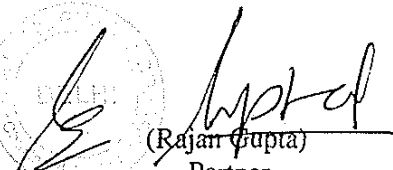
11. The company has accumulated losses of Rs 4,96,27,921/-(Previous Year Rs 5,21,52,800/-) at the end of the financial year under review. The company has incurred cash losses amounting to Rs ---Nil--- (Previous Year -nil) during the financial year covered by our audit and the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
13. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, the company is not a chit fund or a *nidhi*/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Company (Auditor's report) Order, 2003 are not applicable to the company.



16. The company has not given any guarantee for loans taken by others from banks or financial institutions.
17. In our opinion, the term loans have been applied for the purpose for which they were raised.
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
19. Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
20. During the period covered by our audit report, the company has not issued debentures. The question of creation of any security in respect of these debentures does not arise.
21. The company has not raised any money by public issued during the financial year under review.
22. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Rajan K. Gupta & Co.  
Chartered Accountants

Place: New Delhi  
Date:19/08/2010

  
(Rajan Gupta)  
Partner  
M.NO 74696  
FRN 005945C



**KMG MILK FOOD LIMITED**  
**VIL. MASANA, 9 Km. STONE PIPLI-AMBALA G.T. ROAD, KURUKSHETRA-136 118**

**BALANCE SHEET**  
**AS AT 31 ST MARCH,2010**

(Amount in Rs.)

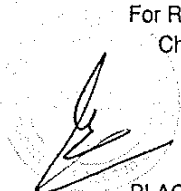
| PARTICULARS   | SCHEDULE<br>NO   | AMOUNT<br>31.03.2010 | AMOUNT<br>31.03.2009 |
|---|------------------|----------------------|----------------------|
| <b>A. SOURCES OF FUNDS</b>                                |                  |                      |                      |
| <b>1 <u>SHARE HOLDERS' FUNDS</u></b>                      |                  |                      |                      |
| SHARE CAPITAL   | I                | 52945000.00          | 52945000.00          |
| <b>2 <u>LOAN FUNDS</u></b>                                |                  |                      |                      |
| UNSECURED LOANS   | II               | 35438000.00          | 40438000.00          |
| <b>3 DEFERRED TAX LIABILITIES (NET)</b>                   | III              | 7452510.86           | 8547716.86           |
|   | <b>TOTAL 'A'</b> | <b>95835510.86</b>   | <b>101930716.86</b>  |
| <b>B. APPLICATION OF FUNDS</b>                            |                  |                      |                      |
| <b>1 <u>FIXED ASSETS</u></b>                              |                  |                      |                      |
| GROSS BLOCK   | IV               | 114133995.56         | 114133995.56         |
| LESS : DEPRECIATION                                       |                  | 77546794.65          | 72051752.65          |
| NET BLOCK   |                  | 36587200.91          | 42082242.91          |
| <b>2 INVESTMENTS</b>                                      | V                | 33000.00             | 33000.00             |
| <b>3 <u>CURRENT ASSETS, LOANS &amp;-<br/>ADVANCES</u></b> |                  |                      |                      |
| A. CURRENT ASSETS   | VI               | 2415416.49           | 1302100.49           |
| B. LOANS & ADVANCES                                       | VII              | 8576640.76           | 7945784.76           |
|   |                  | 10992057.25          | 9247885.25           |
| LESS : CURRENT LIABILITIES &-<br>PROVISIONS               | VIII             | 1404668.25           | 1584212.25           |
| NET CURRENT ASSET   |                  | 9587389.00           | 7663673.00           |
| <b>4 PROFIT &amp; LOSS ACCOUNTS</b>                       |                  | 49627920.95          | 52151800.95          |
|   | <b>TOTAL 'B'</b> | <b>95835510.86</b>   | <b>101930716.86</b>  |

**NOTES TO THE ACCOUNTS**

XIII

The schedule referred to above form an integral part of Balance Sheet. This is the Balance Sheet referred to in our report of even date.

For RAJAN K. GUPTA & CO.  
Chartered Accountants



(PARTNER)

PLACE: DELHI

DATED:

19 AUG 2010

For KMG MILK FOOD LIMITED




DIRECTOR
DIRECTOR

**KMG MILK FOOD LIMITED**  
VIL. MASANA, 9 Km STONE PIPLI-AMBALA G.T. ROAD, KURUKSHETRA-136 118

**PROFIT & LOSS ACCOUNT FOR YEAR ENDED ON 31ST MARCH 2010**

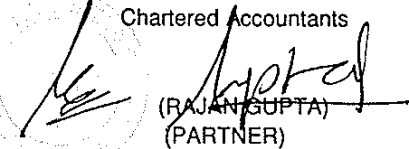
(Amount in Rs.)

| PARTICULARS                           | SCHEDULE<br>NO | FOR THE<br>YEAR<br>31.03.2010 | FOR THE<br>YEAR<br>31.03.2009 |
|---------------------------------------|----------------|-------------------------------|-------------------------------|
| <b>A. INCOME</b>                      |                |                               |                               |
| SALES                                 |                | 0.00                          | 0.00                          |
| OTHER INCOME                          | IX             | 10017079.00                   | 12010328.00                   |
| <b>TOTAL 'A'</b>                      |                | <u>10017079.00</u>            | <u>12010328.00</u>            |
| <b>B. EXPENDITURE</b>                 |                |                               |                               |
| PERSONNEL EXPENSES                    | X              | 1345956.00                    | 1481043.00                    |
| OFFICE & ADMINISTRATIVE EXPENSES      | XI             | 1719126.00                    | 1620663.00                    |
| FINANCIAL EXPENSES                    | XII            | 1255.00                       | 46434.00                      |
| DEPRECIATION                          | IV             | 5495042.00                    | 5438015.00                    |
| <b>TOTAL 'B'</b>                      |                | <u>8561379.00</u>             | <u>8586155.00</u>             |
| PROFIT/(LOSS) FOR THE YEAR            |                | 1455700.00                    | 3424173.00                    |
| <b>TAX EXPENSES</b>                   |                |                               |                               |
| PROVISION FOR FRINGE BENEFIT TAX      |                | -                             | 53270.00                      |
| DEFERRED TAX ASSETS                   |                | (1,095,206.00)                | (1085387.00)                  |
| PROFIT AFTER TAX                      |                | 2550906.00                    | 4456290.00                    |
| BALANCE BROUGHT FORWARD               |                | (52151800.95)                 | (56608090.95)                 |
| BALANCE CARRIED OVER TO BALANCE SHEET |                | <u>(49600894.95)</u>          | <u>(52151800.95)</u>          |

**NOTES TO THE ACCOUNTS** XIII

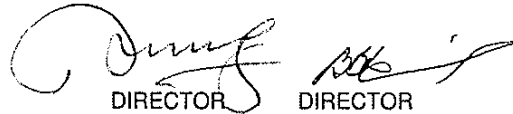
The schedule referred to above form  
 An integral part of Profit & Loss Account  
 A/C . This is the Profit & Loss Account  
 Referred to in our report of even date.

For RAJAN K. GUPTA & CO.  
 Chartered Accountants



(RAJAN GUPTA)  
 (PARTNER)

For KMG MILK FOOD LIMITED



DIRECTOR      DIRECTOR

PLACE: DELHI

DATED: 9 AUG 2010

**KMG MILK FOOD LIMITED**  
CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2010

**CASH FLOW FROM OPERATING ACTIVITIES**

|   | <i>(Amount Rs in ' 000 ')</i> |                     |
|---|-------------------------------|---------------------|
|   | AS AT<br>31.03.2010           | AS AT<br>31.03.2009 |
| NET PROFIT/(LOSS)                                 | 2523.89                       | 4456.29             |
| <b><u>ADJUSTMENTS FOR</u></b>                     |                               |                     |
| 1 EXPENSES WRITTEN OFF (PRIL. EXPENSES)           | 0.00                          | 0.00                |
| 2 DEPRECIATION                                    | 5495.04                       | 5438.00             |
| 3 INTEREST  | 1.26                          | 46.43               |
| 4 Increase(Decrease) in DIFFERED TAX LIABILITIES  | (1095.21)                     | (1085.39)           |
| 5 LIABILITIES WRITTEN OFF(Extraordinary Item)     | 0.00                          | -                   |
| 6 LOSS ON THEFT OF CAR                            | 0.00                          | -                   |
|   | 6924.98                       | 8855.33             |
| ADD: (INCREASE)DECREASE IN DEBTORS                | (489.00)                      | 0.00                |
| (INCREASE)DECREASE IN INVENTORIES                 | 0.00                          | 0.00                |
| INCREASE(DECREASE) IN CREDITORS & OTHER PAYABLE:  | (179.54)                      | (2178.59)           |
| (INCREASE)DECREASE IN ADVANCE RECOVERABLE         | (630.86)                      | (1434.30)           |
|   | 5625.58                       | 5242.44             |
| CASH GENERATED FROM OPERATIONS                    | 5625.58                       | 5242.44             |
| INTEREST PAID                                     | (1.26)                        | (46.43)             |
| NET CASH FROM OPERATING ACTIVITIES                | 5624.32                       | 5196.01             |
| <b><u>CASH FLOW FROM FINANCIAL ACTIVITIES</u></b> |                               |                     |
| ADD : INCREASE/(DECREASE) IN SECURED LOANS        | 0.00                          | 0.00                |
| INCREASE/(DECREASE) IN UNSECURED LOANS            | (5000.00)                     | (1500.00)           |
| LIABILITIES WRITTEN OFF(Extraordinary Item)       | 0.00                          | 0.00                |
|   | 624.32                        | 3696.01             |
| <b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b> |                               |                     |
| ADD : SALE OF FIXED ASSETS                        | -                             | -                   |
|   | 624.32                        | 3696.01             |
| LESS : PURCHASE OF FIXED ASSETS                   | 0.00                          | 1,379.95            |
| INVESTMENT MADE                                   | 0.00                          | 0.00                |
|   | 624.32                        | 2316.06             |
| OPENING BALANCE OF CASH & CASH EQUIVALENTS        | 318.00                        | (1998.06)           |
| CLOSING BALANCE OF CASH & CASH EQUIVALENTS        | 942.32                        | 318.00              |
| INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS    | 624.32                        | 2316.06             |

FOR KMG MILK FOOD LTD

DATE  
PLACE : DELHI

(COMPANY SECRETARY)

(BASUDEV GARG)  
CHAIRMAN &  
WHOLE TIME DIRECTOR

**AUDITORS' REPORT**

We have verified the above cash flow statement of M/s KMG MILK FOOD LIMITED derived from the financial statements for the period ended 31.03.2010. The statement has been prepared by the company in accordance with requirements of listing agreement and is based on and in agreement with corresponding corresponding profit and loss account and Balance Sheet of the Company covered by our separate report of even date , to the members of the company.

For Rajan K. Gupta & Co  
Chartered Accountants

DATE :  
PLACE : Delhi

(Rajan Gupta)  
Partner  
M.No 074696

KMG MILK FOOD LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

|  | AS AT<br>31.03.2010  | AS AT<br>31.03.2009  |
|--|----------------------|----------------------|
| <u>SCHEDULE- I</u>                       |                      |                      |
| <u>SHARE CAPITAL</u>                     |                      |                      |
| <u>AUTHORISED</u>                        |                      |                      |
| 60,00,000 EQUITY SHARES OF Rs 10/- EACH  | <u>60,000,000.00</u> | <u>60,000,000.00</u> |
| <u>ISSUED, SUBSCRIBED AND PAID-UP</u>    |                      |                      |
| 53,04,600 EQUITY SHARES OF Rs 10/- EACH  | 53,046,000.00        | 53,046,000.00        |
| LESS : CALLS IN ARREAR                   | <u>101,000.00</u>    | <u>101,000.00</u>    |
|  | <u>52,945,000.00</u> | <u>52,945,000.00</u> |
| <u>SCHEDULE- II</u>                      |                      |                      |
| <u>UNSECURED LOANS</u>                   |                      |                      |
| FROM SHAREHOLDERS                        | 4,000,000.00         | 9,000,000.00         |
| FROM COMPANIES                           | 31,438,000.00        | 31,438,000.00        |
|  | <u>35,438,000.00</u> | <u>40,438,000.00</u> |
| <u>SCHEDULE- III</u>                     |                      |                      |
| <u>DEFERRED TAX LIABILITIES</u>          |                      |                      |
| OPENING BALANCE                          | 8,547,716.86         | 9,633,103.86         |
| LESS: DIFFERED TAX ASSETS - CURRENT YEAR | <u>1,095,206.00</u>  | <u>1,085,387.00</u>  |
|  | <u>7,452,510.86</u>  | <u>8,547,716.86</u>  |






SCHEDULE-V  
FIXED ASSETS

KMG MILK FOOD LIMITED,  
VILL. MASANA, 9 Km STONE PIPILAMBALA G.L. ROAD, KURKUSHETRA-136 118

| S. | PARTICULARS          | RATE OF DEPRECIATION AS AT | BALANCE AS AT  | ADDITION | DELETION | COST AS AT     | UP TO YEAR    | DEPRECIATION FOR THE YEAR | TOTAL         | WDV           |               |
|----|----------------------|----------------------------|----------------|----------|----------|----------------|---------------|---------------------------|---------------|---------------|---------------|
|    |                      |                            |                |          |          |                |               |                           |               | AS AT         | AS AT         |
| 1  | Land                 | -                          | 826,400.00     |          |          | 826,400.00     | -             | -                         | 12,423,711.30 | 31.03.2010    | 31.03.2009    |
| 2  | Site Development     | 3.34                       | 1,871,960.00   |          |          | 1,871,960.00   | -             | -                         | 1,871,960.00  |               |               |
| 3  | Factory Building     | 5.28                       | 24,286,779.97  |          |          | 24,286,779.97  | 4,343,082.00  | 20,943,697.97             | 11,863,088.67 |               |               |
| 4  | Plant & Machinery    | 6.33                       | 82,255,343.69  |          |          | 82,255,343.69  | 20,867.00     | 82,234,476.69             | 20,959,426.61 |               |               |
| 5  | Furniture & Fixture  | 5.28                       | 329,658.00     |          |          | 329,658.00     | 12,139.00     | 317,519.00                | 30,169.77     |               |               |
| 6  | Work Shop Equipments | 9.50                       | 229,905.90     |          |          | 229,905.90     | 218,354.00    | 11,551.90                 | 188,882.61    |               |               |
| 7  | Motor Car            | 9.50                       | 2,298,460.00   |          |          | 2,298,460.00   | 218,354.00    | 2,080,106.00              | 188,882.61    |               |               |
| 8  | Motor Car (Indico)   | 9.50                       | 342,773.00     |          |          | 342,773.00     | 32,563.00     | 310,210.00                | 41,023.29     |               |               |
| 10 | Tube Well            | 5.28                       | 183,778.00     |          |          | 183,778.00     | 97,689.44     | 86,088.56                 | 158,607.68    |               |               |
| 12 | Roads                | 3.34                       | 851,948.00     |          |          | 851,948.00     | 28,455.00     | 823,493.00                | 212,520.55    |               |               |
| 13 | Computer             | 16.21                      | 350,980.00     |          |          | 350,980.00     | 4,166.00      | 346,814.00                | 39,183.82     |               |               |
| 14 | Lab Instruments      | 4.75                       | 306,009.00     |          |          | 306,009.00     | 14,535.00     | 291,474.00                | 144,594.18    |               |               |
|    |                      |                            | 114,133,995.56 | -        | -        | 114,133,995.56 | 72,051,752.65 | 42,082,242.91             | 77,546,794.65 | 36,587,200.91 | 42,082,242.91 |

Previous Year 112,754,047.56 1,379,948.00 114,133,995.56 66,613,737.65 5,438,015.00 72,051,752.65 42,082,242.91

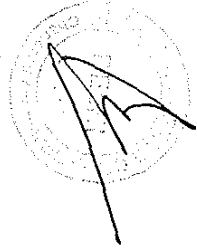


*Chief* *AKS*

**KMG MILK FOOD LIMITED**

DEPRECIATION AS PER INCOME TAX ACT, 1961 AS ON 31.03.2019

| S. NO. | PARTICULARS       | RATE OF BALANCE | ADDITION           |                    | DELETION           |                    | CL. BALANCE   | DEPRECIATION | BALANCES AS ON 31.3.10 |
|--------|-------------------|-----------------|--------------------|--------------------|--------------------|--------------------|---------------|--------------|------------------------|
|        |                   |                 | MORE THAN 6 MONTHS | LESS THAN 6 MONTHS | MORE THAN 6 MONTHS | LESS THAN 6 MONTHS |               |              |                        |
| 1      | LAND              | 0.00%           | 2,698,360.00       | -                  | -                  | -                  | 2,698,360.00  | -            | 2,698,360.00           |
| 2      | FURNITURE         | 10%             | 68,655.00          | -                  | -                  | -                  | 68,655.00     | 6,866.00     | 61,789.00              |
| 3      | PLANT & MACHINERY | 15%             | 8,102,647.00       | -                  | -                  | -                  | 8,102,647.00  | 1,215,397.00 | 6,887,250.00           |
| 4      | MOTOR CAR         | 15%             | 624,894.00         | -                  | -                  | -                  | 624,894.00    | 93,734.00    | 531,160.00             |
| 6      | COMPUTER          | 60%             | 18,855.00          | -                  | -                  | -                  | 18,855.00     | 11,313.00    | 7,542.00               |
| 7      | FACTORY BUILDING  | 10%             | 6,233,746.00       | -                  | -                  | -                  | 6,233,746.00  | 623,375.00   | 5,610,371.00           |
|        |                   |                 | 17,747,157.00      | -                  | -                  | -                  | 17,747,157.00 | 1,950,685.00 | 15,796,472.00          |



*Handwritten signature*

**KMG MILK FOOD LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Amount in Rs.)

|   | <u>AS AT</u><br><u>31.03.2010</u> | <u>AS AT</u><br><u>31.03.2009</u> |
|---|-----------------------------------|-----------------------------------|
| <b>SCHEDULE- V</b>  |                                   |                                   |
| <b>INVESTMENTS</b>  |                                   |                                   |
| NATIONAL SAVING CERTIFICATES  | 33,000.00                         | 33,000.00                         |
|   | 33,000.00                         | 33,000.00                         |
| <b>SCHEDULE- VI</b>   |                                   |                                   |
| <b>CURRENT ASSETS</b>   |                                   |                                   |
| <b>B. CASH &amp; BANK BALANCES</b>                                    |                                   |                                   |
| CASH IN HAND  | 910.75                            | 48.75                             |
| WITH SCHEDULED BANKS  |                                   |                                   |
| CANARA BANK SHANKAR NAGAR 3696  | 5,835.74                          | 5,835.74                          |
| CANARA BANK (KPK) 10276   | 8,344.00                          | 8,344.00                          |
| Syndicate Bank 1527   | 927,229.00                        | 303,775.00                        |
|   | -                                 | -                                 |
| TOTAL 'B'   | 942,319.49                        | 318,003.49                        |
| <b>C. SUNDRY DEBTORS</b>  |                                   |                                   |
| (UNSCURED CONSIDERED GOOD)  |                                   |                                   |
| EXCEEDING SIX MONTHS  | 984,097.00                        | 984,097.00                        |
| OTHERS  | 489,000.00                        | -                                 |
| TOTAL (A+B+C)   | -                                 | -                                 |
| TOTAL 'C'   | 1,473,097.00                      | 984,097.00                        |
|   | 2,415,416.49                      | 1,302,100.49                      |
| <b>SCHEDULE- VII</b>  |                                   |                                   |
| <b>LOANS &amp; ADVANCES</b>   |                                   |                                   |
| (RECOVERABLE IN CASH OR IN KIND OR FOR THE -<br>VALUE TO BE RECEIVED) |                                   |                                   |
| ADVANCE RECOVERABLE   | 1,173,872.76                      | 1,152,972.76                      |
| ADVANCE PAID TO SUPPLIERS   | 3,543,337.00                      | 3,543,337.00                      |
| HSEB SECURITY & GOVT. DEPOSIT   | 476,700.00                        | 476,700.00                        |
| TDS RECOVERABLE (CONT.)   | 3,382,731.00                      | 2,532,408.00                      |
| FRINGE BENEFIT ADVANCE TAX (07-08)                                    | -                                 | 143,577.00                        |
| FRINGE BENEFIT ADVANCE TAX  | -                                 | 53,270.00                         |
| ADVANCE INCOME TAX(A.Y. 2006-07)                                      | -                                 | 43,520.00                         |
|   | -                                 | -                                 |
| TOTAL   | 8,576,640.76                      | 7,945,784.76                      |
| <b>SCHEDULE- VIII</b>   |                                   |                                   |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>                           |                                   |                                   |
| <b>(A) Current Liabilities</b>  |                                   |                                   |
| Advance from Customers  | 1,150,904.00                      | 1,150,904.00                      |
| Other Liabilities   | 253,764.25                        | 213,686.25                        |
| Total(A)  | 1,404,668.25                      | 1,364,590.25                      |
| <b>(B) Provision</b>  |                                   |                                   |
| Provision for FBT   | -                                 | 177,260.00                        |
| Provision for Income tax  | -                                 | 42,362.00                         |
| Total(B)  | -                                 | 219,622.00                        |
|   | 1,404,668.25                      | 1,584,212.25                      |
|   | 1,404,668.25                      | 1,584,212.25                      |



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**KMG MILK FOOD LTD**

**ANNEXURES TO SCHEDULES FORMING PART BALANCE SHEET & PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2010**

**SUNDRY DEBTORS AS ON 31ST MARCH 2010**

| <b>PARTICULARS</b>       | <b>31.03.2010</b>   | <b>31.03.2009</b> |
|--------------------------|---------------------|-------------------|
| ALFLESSH IMPEX           |                     | -                 |
| B.M.TRADERS              | 173,750.00          | 173,750.00        |
| BAPNA TRADING CO KAKROLI | 88,756.00           | 88,756.00         |
| RIGHT CHOICE             | 715,000.00          | 715,000.00        |
| RIGHT CHOICE JODHPUR     | 6,591.00            | 6,591.00          |
|                          | <u>984,097.00</u>   | <u>984,097.00</u> |
| MAHAAN FOOD LTD          | 489,000.00          |                   |
|                          | <u>1,473,097.00</u> | <u>984,097.00</u> |

**ADVANCE RECOVERABLE AS ON 31ST MARCH 2010**

| <b>PARTICULARS</b>    | <b>31.03.2010</b> | <b>31.03.2009</b> |
|-----------------------|-------------------|-------------------|
| IMPREST SANDEEP GUPTA | 9700.00           | 9700.00           |
| IMPREST S K GOEL      | 40379.00          | 40379.00          |
| IMPREST R L GUPTA     | 518293.76         | 518293.76         |
| BRIJ FAMILY TRUST     | 569000.00         | 569000.00         |
| T C TALWAR            | 23000.00          | 15600.00          |
| BALWANT SINGH WALLIA  | 13500.00          | 0.00              |
|                       | <u>1173872.76</u> | <u>1152972.76</u> |

**ADVANCE TO SUPPLIERS AS ON 31ST MARCH 2010**

| <b>PARTICULARS</b>           | <b>31.03.2010</b>   | <b>31.03.2009</b>   |
|------------------------------|---------------------|---------------------|
| M/S OM BHANDER               | 1,500,000.00        | 1,500,000.00        |
| M/S STERLING AGRO INDS. LTD. | 1,200,000.00        | 1,200,000.00        |
| FAIR DEAL AGENCY             | 34,075.00           | 34,075.00           |
| GOLD LINE MILK FOOD (P) LTD. | 659,262.00          | 659,262.00          |
| M/S MOHAN INDUSTRIES         | 150,000.00          | 150,000.00          |
|                              | <u>3,543,337.00</u> | <u>3,543,337.00</u> |



*[Handwritten signatures]*



**KMG MILK FOOD LTD**  
**ANNEXURES TO SCHEDULES FORMING PART BALANCE SHEET & PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31TH MARCH 2010**

Expenses Payable as on 31.03.2010

| PARTICULARS                    | 31.03.2010        | 31.03.2009        |
|--------------------------------|-------------------|-------------------|
| Audit Fees Payable             | 22,060.00         | 22,472.00         |
| VAT Payable                    | 14,697.00         | 14,697.00         |
| EPF                            | 2,400.00          |                   |
| Establishment Expenses Payable | 99,741.00         | 102,025.00        |
| Telephone                      | 1,951.00          | 2,056.00          |
| Shri Manoj kumar Jain          | 6,750.00          | 6,727.00          |
| Shri Ganesh maharaj ji         | 253.25            | 253.25            |
| M/S Bhardaj Management         | 2,500.00          | 5,000.00          |
| We Power Enginerrs( Delhi)     | 60,180.00         | 60,180.00         |
| Rajan K. Gupta & co            | 2,647.00          |                   |
| Brijwasi Keshav Milk Product   | 37,440.00         | -                 |
| Maha Balaji                    | -                 | 276.00            |
| Advocate Rajat Bhalla          | 3,145.00          | -                 |
|                                | <u>253,764.25</u> | <u>213,686.25</u> |

ADVANCE FROM CUSTOMERS AS ON 31ST MARCH, 2010

| PARTICULARS                     | 31.03.2010          | 31.03.2009          |
|---------------------------------|---------------------|---------------------|
| BAFF ENGINEERING PVT. LTD.      | 150,904.00          | 150,904.00          |
| PARLE PRODUCTS PVT. LTD. (BHUJ) | 1,000,000.00        | 1,000,000.00        |
|                                 | <u>1,150,904.00</u> | <u>1,150,904.00</u> |

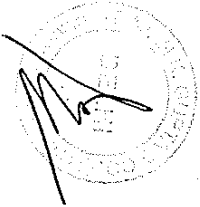


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KMG MILK FOOD LIMITED

LIST OF UNSECURED LOANS AS ON 31 ST MARCH 2010

| S NO | PARTICULARS                    | AS ON 01.04.2009 | ADDITION DURING THE PERIOD | INTEREST | REPAYMENT DURING THE PERIOD | AS ON 31.03.2010 |
|------|--------------------------------|------------------|----------------------------|----------|-----------------------------|------------------|
|      | From Shareholders              |                  |                            |          |                             |                  |
| 1    | Shri Sushil Goel               | 1,750,000.00     |                            |          |                             | 1,750,000.00     |
| 2    | Smt. Bhawana Goel              | 2,250,000.00     |                            |          |                             | 2,250,000.00     |
| 3    | Smt. Mithlesh Garg             | 5,000,000.00     |                            |          | 5,000,000.00                | -                |
|      | Total                          | 9,000,000.00     | -                          | -        | 5,000,000.00                | 4,000,000.00     |
|      | FROM COMPANIES'                |                  |                            |          |                             |                  |
| 4    | KMG LEASING & ADVANCE LTD      | 13,950,000.00    | -                          |          | -                           | 13,950,000.00    |
| 5    | KMG INTERNATIONAL LTD          | 7,988,000.00     | -                          |          | -                           | 7,988,000.00     |
| 6    | KMG NON FERROUS METALS (P) LTD | 1,500,000.00     | -                          |          | -                           | 1,500,000.00     |
| 7    | KMG MACRO INVESTMENT PVT LTD   | 8,000,000.00     | -                          |          | -                           | 8,000,000.00     |
|      | TOTAL                          | 31,438,000.00    | -                          | -        | -                           | 31,438,000.00    |
|      | Gross Total                    | 40,438,000.00    | -                          | -        | 5,000,000.00                | 35,438,000.00    |



*[Handwritten Signature]*

KMG MILK FOOD LIMITED  
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

|   | <i>(Amount in Rs.)</i> | <i>(Amount in Rs.)</i> |
|---|------------------------|------------------------|
|   | FOR THE YEAR           | FOR THE YEAR           |
|   | 31.03.2010             | 31.03.2009             |
| <u>SCHEDULE- IX</u>                                 |                        |                        |
| <u>OTHER INCOME</u>                                 |                        |                        |
| <u>From Lease of Factory including Fixed Assets</u> | 10,016,667.00          | 11,750,001.00          |
| <u>OTHER INCOME (UNCLAIMED)</u>                     | 412.00                 | 260,327.00             |
|   | <u>10,017,079.00</u>   | <u>12,010,328.00</u>   |
| <u>SCHEDULE- X</u>                                  |                        |                        |
| <u>PERSONNEL EXPENSES</u>                           |                        |                        |
| <u>SALARY &amp; WAGES</u>                           | 1,319,635.00           | 1,392,837.00           |
| <u>PROVIDENT FUND</u>                               | 17,700.00              | 23,360.00              |
| <u>STAFF WELFARE</u>                                | 8,621.00               | 64,846.00              |
|   | <u>1,345,956.00</u>    | <u>1,481,043.00</u>    |



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SCHEDULE- XI

OFFICE & ADMINISTRATIVE EXPENSES

|                                   |                     |                     |
|-----------------------------------|---------------------|---------------------|
| AUDIT FEES                        | 22,060.00           | 22,472.00           |
| ADVERTISEMENT & PUBLICITY CHARGES | 3,360.00            | 60,384.00           |
| CONVEYANCE CHARGES                | 1,108.00            | 11,183.00           |
| ADDITIONAL SALE TAX DEMAND        | 115,915.00          | -                   |
| DONATION & CHARITY                | 23,300.00           | 2,100.00            |
| FEES & TAXES                      | 4,000.00            | 15,987.00           |
| OFFICE EXPENSES                   | 13,811.00           | -                   |
| INSURANCE CHARGES                 | 5,641.00            | 16,061.00           |
| LEGAL & PROFESSIONAL CHARGES      | 341,810.00          | 1,075,594.00        |
| FESTIVAL EXPENSES                 | 172,075.00          | 30,080.00           |
| COMPUTER REPAIR & MAINTENANCE     | 1,270.00            | 1,150.00            |
| OFFICE MAINTENANCE                | 29,826.00           | 42,345.00           |
| REPAIRS & MAINTANANCE             |                     | 1,810.00            |
| - Building                        |                     | -                   |
| - Others                          | 1,190.00            | -                   |
| - Plant & Machinery               | 681,344.00          |                     |
| - Vehicle                         | 177,108.00          | 169,091.00          |
| POSTAGE & COURIER CHARGES         | 15,210.00           | 78,784.00           |
| PRINTING & STATIONERY             | 20,700.00           | 32,300.00           |
| TELEPHONE EXPENSES                | 24,862.00           | -                   |
| <u>TRAVELLING EXPENSES</u>        |                     | -                   |
| DIRECTORS                         | 38,670.00           | 27,584.00           |
| OTHERS                            | 25,866.00           | 33,738.00           |
|                                   | <u>1,719,126.00</u> | <u>1,620,663.00</u> |

SCHEDULE- XII

FINANCIAL EXPENSES

|                      |                 |                  |
|----------------------|-----------------|------------------|
| INTEREST ON LOANS    | 1,192.00        | 41,325.00        |
| BANK & OTHER CHARGES | 63.00           | 5,109.00         |
|                      | <u>1,255.00</u> | <u>46,434.00</u> |



*Omprakash*

**SCHEDULE-XV: NOTES TO THE ACCOUNTS**

**SIGNIFICANT ACCOUNTING STANDARDS AND NOTES ON ACCOUNTS**

**1. BASIS OF PREPARATION: -**

The financial statements are prepared under historical cost convention in accordance with accounting standards issued by ICAI and provision of Companies Act. The different accounting policies related to treatment of retirement benefits, valuation of fixed assets, according to the Balance Sheet, are being followed. The company generally follows mercantile system of accounting on accrual basis.

**2. FIXED ASSETS: -**

(A) Fixed assets are stated at cost after reducing accumulated depreciation until the date of balance sheet. No fixed asset has been revalued in the financial statement.

(B) Depreciation on fixed assets charged on a proportionate basis for all assets purchased and sold during the year is provided using Straight Line Method based on useful lives of assets as estimated. Depreciation is charged at the rates specified in Schedule XIV of companies Act, 1956.

**3. VALUATION OF INVENTORIES: -**

The Stocks of raw materials, stores and spares and finished goods have been valued at cost or market price whichever is lower. The cost of finished goods and process stocks is determined considering material, labor and related overheads and that of raw materials and stores and spares at purchases cost or market price whichever is lower.

**4. REVENUE RECOGNITION: -**

All revenue is accounted on accrual basis except claim received/paid.

**5. INVESTMENTS: -**

Long- term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Current investments are carried at the lower of cost and fair value.

**6. EMPLOYEES BENEFITS: -**

Contribution to defined schemes such as provident fund, superannuating/pension benefits, gratuity, Employees state insurance scheme are charged as incurred on accrual basis. These are in accordance with the respective Act's.

**LEAVE ENCASHMENT: -**

As per the employment policy of the company the employees avail their annual leave and provision for leave encashment is made on the basis of unavailed leave to the credit of employees.

**GRATUITY: -**

In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity covering all employees. The plan, subject to the above Act, provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment. The company estimates its liability as of each balance sheet date based on an actuarial valuation.

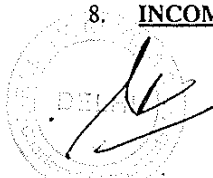
**7. EARNING PER SHARE: -**

In accordance with the accounting standard 20 (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, basic earning per share is computed using the weighted average number of share outstanding during the period.

**Calculation of EPS**

|   |   |           |
|---|---|-----------|
| A | Number of Shares                          | 5304600   |
| B | Profit/(Loss) after taxation and interest | 14,55,700 |
| C | EPS                                       | 0.27      |

**8. INCOME TAX: -**



Income tax comprises the current year provision and net change in the deferred tax assets or liabilities in the year. Deferred Tax assets or liabilities are recognized for the future tax on consequences of timing (temporary) difference between the carrying value of assets and liabilities and then respective tax basis and operated loss carried forward.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the timing difference are expected to be recovered or settled.

9. **DISCONTINUING OPERATIONS:** -

The company has not discontinued operations during the Financial Year under review.

10. **INTERIM REPORTING:** -

In the interim financial statements, the company informs that the same accounting policies followed as going Concern.

11. **INTANGIBLE ASSETS:** -

There are no intangible assets in the company during the financial year under review.

12. **RELATED PARTY DISCLOURES:** -

Particulars of transactions with related party

The following is a summary of significant related party transaction: -

i) List of the Parties with whom transaction have taken place and relationship:

| Sl. No. | Name of the Related Parties | Relationship                            |
|---------|-----------------------------|---|
|         | Smt Mithlesh Garg           | Relative of the Director of the company |

ii) Transaction during the year with related parties:

| Sl. No. | Nature Of Transaction | Association | Key Management Personnel | Relatives of Key Management | Others | Total     |
|---------|-----------------------|-------------|--------------------------|-----------------------------|--------|-----------|
| I.      | Unsecured Loan        | NIL         | 50,00,000                | NIL                         | NIL    | 50,00,000 |

13. **PARTICULARS OF MANAGERIAL REMUNERATION**

No remuneration paid to managerial personnel during the financial year and Previous Year.

14. **CONTINGENT LIABILITIES**

**A**

1. No provision has been made in the account for doubtful debts and advances. These all are considered by the management as recoverable.
2. The pending court cases against and for the company is as under:
  - I. In the matter of State of Haryana / Company vs. Pawan Goel of siphoning of Rs.60/- Crores - Kurukshetra.
  - II. In the matter of State of Haryana / Company vs. Mohan Industries for Rs.1, 50,000/- Kurukshetra.
  - III. In the matter of State of Haryana / Company vs. OM Bandar for Rs.15, 00000/- Kurukshetra.
  - IV. In the matter of State of Haryana / Company vs. Sterling Agro Industries Ltd. for Rs.12, 00000/- Kurukshetra.
  - V. In the matter of M/s Haryana Agro Industries Corporation vs. Shri Basudev Garg/ Shri R.L.Gupta/Company for Rs. 12409123/- for buy of equity - Chandigarh.
  - VI. In the matter of M/s Goel Agencies Pvt. Ltd/M/s Fair Deal Agencies, Ludhiana vs. Company/ Shri Basudev Garg/Smt. Mithlesh Garg for Rs.6, 00,528.15 - Ludhiana.



- VII. In the matter of Semen Bank Officer/Haryana Live Stock Development Board, Pehowa, Harayana(Milk Cess) vs. Company for Rs.10,97,59,975.25/(Including Interest of Rs 8,80,23,100/- Chandigarh.
- VIII. Company vs. Baldev Bhui in the Karkadoma Court for Rs.1, 30,000/- Delhi.
- IX. Company vs. Prem Prakash in the Karkadoma Court for Rs.90, 000+67,000/- Delhi.
- X. Company vs. Jindal Trading Co. in the Karkadoma Court for Rs.8400/- Delhi.
- XI. Company vs Hitkari Industries Ltd in the Karkadoma Court for Rs.1, 85, 000 + 123671/- Delhi.
- XII. In the matter of M/s Parle Product Pvt. Ltd vs. Company in the District Bhuj Court for Rs.10, 00,000/- Gujrat.
- XIII. Company vs. Indian Feeds & Fodder in the Karnal Court for Rs 65000/-plus Interest, Karnal
- XIV. Company vs. Paradise Plastopack Pvt ltd in the court of Kurukshetra, Haryana and Rohini, Delhi for Rs2,75,524/-

3. The following Contingent Liabilities has been arisen in current year on account of Sale Tax.
- (a) In the matter of DETC, Kaithal vs Company for Rs.2, 52,720/- Chandigarh Tribunal.
- (b) Sebi dues on account of Annual Listing fees with arrears

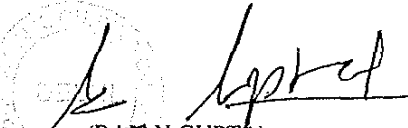
| S.No | Name of the Stock Exchange   | Amount Outstanding |
|------|------------------------------|--------------------|
| 1    | Ahmedabad Stock Exchange Ltd | 121000             |
| 2    | Jaipur Stock Exchange Ltd    | 126000             |
| 3    | Ludhiana Stock Exchange Ltd  | 120000             |
| 4    | Bombay Stock Exchange        | 138750             |
| 5    | Delhi Stock Exchange Ltd     | 120000             |

**NOTES TO THE ACCOUNTS**

- The previous year's figures have been regrouped, rearranged wherever necessary.
- Information required under schedule VI to the Companies Act, 1956 has been given only to the extent applicable.

SIGNATURE OF SCHEDULE 1 TO 18  
For RAJAN K. GUPTA & CO.  
Chartered Accountants

For KMG Milk Food Limited.

  
(RAJAN GUPTA)  
Partner  
M.NO 74696

   
DIRECTOR DIRECTOR

PLACE: Delhi  
DATED 10 AUG 2010





**KMG MILK FOOD LIMITED**

Regd. Office: 9 KM Stone, Pipli to Ambala, G.T. Road, Vill. Masana, Distt. Kurukshetra-132 118 (Haryana).

Folio No.....  
No. of Shares held.....

**PROXY FORM**

I/We-----,of-----  
----- being a  
member of KMG MILK FOOD LTD. hereby appoint-----  
---- of ----- or failing him-----  
-----of----- as my/our Proxy to attend  
and vote for me/ us on my/ our behalf at the 18<sup>th</sup> Annual General Meeting of the  
Company to be held on Monday, the 27<sup>th</sup> September, 2010 and at any adjournment  
thereof.

As witness my/ our hand(s) this      day of September'2010.

Signed by the said



Note: The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

**ATTENDANCE SLIP**

Member's Name..... I hereby record my presence at the  
18<sup>th</sup> Annual General Meeting of KMG MILK FOOD LTD. being held at 9<sup>th</sup> KM Stone,  
Pipli, to Ambala, G.T. Road, Vill, Masana, Distt. Kurukshetra-132118, (Haryana) on  
27<sup>th</sup> September, 2010.

(in Block Letters)

.....  
.....  
.....

I certify that I am a registered member of the Company  
Folio No. ....and hold ..... shares in the Company.

Name of Proxy ..... Signature of the Member/Proxy (if  
attending for member)

1. Member/Proxies are requested to bring the DULY SIGNED Attendance Slip to the Meeting and hand it over at the entrance.
2. For the Convenience of members, persons other than members/ proxies will not be admitted.

**Registered Office:** 9th Kilometer Stone Pipli To Ambala, Village Masana,  
Kurukshetra, Haryana

**Head Office:** 375, Main Road Gazipur, Delhi 110091