

HERMAN MILKFOODS LTD.

REGD. OFFICE : SCO-834, First Floor, NAC, Manimajra, Chandigarh-160101

Ph. : 0172-2738390, 4677267, Fax : 0172-2738390, 2594475

Email : ravinderca@sify.com, ravinder834_chd@dataone.in

WORKS : Vill. Retgarh, Patran Road, Samana, Distt. Patiala (Pb.) - 147101

Ph. : 01764-222254, 222798, Fax : 01764-222264



HERMAN
MILKFOODS LTD.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 18th Annual General Meeting of Herman Milkfoods Limited will be held on Wednesday, 30th September, 2009 at 11.00 A.M. at its Registered Office of the Company to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2009 and profit and loss account as on that date together with the Directors report and Auditors report thereon.
2. To appoint a Director in place of Mrs. Rachna Garg, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. Virsa Singh Sidhu, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s Taranjeet & Associates, Chartered Accountants, Chandigarh, the retiring Auditors of the Company, as Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be determined by Board of Directors."

**By Order of Board
FOR HERMAN MILKFOODS LIMITED**

Date: 01.09.2009

Place: Chandigarh

sd/-

**(RACHANA GARG)
CHAIR PERSON**

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and proxy need not be a member of the Company.
2. The instrument appointing proxy must be received at the Company's Registered Office not less than 48 hours before the meeting.
3. The members register will remain closed from 23.09.2009 to 30.09.2009 (both days inclusive).

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 18th Annual Report together with Audited Accounts of the company for the financial year ended on 31st March 2009.

FINANCIAL RESULTS

	<u>2008-09</u>	<u>2007-08</u>
		Rs. In lacs
Sales Turnover & Other Income	7781.22	4873.60
Operating Profit	219.88	175.21
Interest	7.39	15.36
Depreciation	75.80	72.16
Profit before tax	144.08	103.04
Provision for tax including for :		
- Current year	NIL	NIL
- Earlier years	NIL	NIL
- Deferred tax	NIL	NIL
Net profit after tax	144.08	103.04
Appropriations :		
Proposed Dividend	NIL	NIL
Transfer to General Reserves	NIL	NIL

In view of the inadequate profits, your Directors are not in a position to recommend any dividend for the year.

BUSINESS OPERATIONS

The sales turnover and other income during the financial year was Rs.7781.00 lacs resulting in net profit of Rs 144.08 lacs.

During the year 2008-09, the company has entered into an agreement with The Ambala Coop. Milk Producer's Union Ltd., Ambala, Haryana, The Bihar State Coop. Milk Producers' Federation Ltd., The H.P. State Coop. Milk Producers Federation Ltd., Totu, Shimla and The Nestle India Ltd., Moga for processing of milk into various milk products.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**1. Outlook for the Industry**

The Dairy Industry in India has the cooperative sector on the one hand which have an excellent milk procurement network. These companies are now becoming more market savvy and are launching new products and expanding their market. On the other hand the role of the private sector is also important and MNCs and large Indian companies co-exist side by side. With the government placing more emphasis on the agriculture sector the domestic dairy industry is keenly waiting for the government policy on this front.

2. **Future Prospects**

The company has been able to develop a strong marketing and distribution network for selling its products to The Nestle India Ltd., Moga, COMPFED, Patna and under the HERMAN BRAND name consisting of 200 distributors and 1000 retailers in various states. However the profit margin has continued to be squeezed due to competitive market conditions in the domestic dairy industry. Further, the Company has also set up a marketing Controlling office at New Delhi which controls the entire marketing in India and abroad. The Company receiving enormous Orders from abroad. The Company has already applied for the various requisite licenses with the concerned authorities.

3. **Operational vis-à-vis Financial Performance**

The company manufactures quality dairy products and certified as ISO-9001:2000 and HACCP certified Company. The intense competition among private manufacturers to procure quality milk at a very high price had an adverse effect on Dairy Industries performance in the last few years.

4. **Material Development in Human Resources / Industrial Relations Front**

The team of people in the organization has been working with dedication, diligence, devotion, determination, dynamism, discipline and direction. The company believes that motivated employees are its most important resource and asset to the Company. Industrial relations during the year were cordial, cooperative, concerted and peaceful. As a result no labor disputes are pending with the Company in any Court of Law.

DIRECTORS

Mrs. Rachna Garg and Mr. Virsa Singh Sidhu, Directors of the company are retiring by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

AUDITORS

M/s Taranjeet & Associates, Chartered Accountants, Chandigarh, the retiring auditor's of the Company will hold office till the conclusion of the next Annual General Meeting and are recommended for reappointment. The Company has received certificate from Auditors for their reappointment.

DEPOSITS

The company has not accepted any deposit within the meaning of section 58 A of the Companies Act, 1956 and rules made there under for the period under review.

PARTICULARS OF EMPLOYEES

None of the employee was in receipt of the remuneration over and above the limits prescribed u/s 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 as amended.

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

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 with respect to the conservation of energy, technology absorption and foreign exchange earning and outgo is attached.

BIFR STATUS

The Management feels pleasure in informing the shareholders that Hon'ble BIFR has discharged the Company from the purview of the SICA/BIFR on 15.01.2009. Hence, the Company is no more a sick industrial company u/s 3(1) (o) of the SICA Act, 1985.

AUDITORS REPORT

The observations in the Auditors report have been dealt with in notes to accounts and same being self explanatory, do not requires further clarification.

LISTING AGREEMENT

The Company is regularly filing all the quarterly/annual reports required to be submitted under Listing Agreement to the Bombay Stock Exchange/ Ludhiana Stock Exchange. Further, the management is making all efforts to revoke the suspension of trading of shares of the company which is still in process.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) In preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

**TARANJEET & ASSOCIATES,
CHARTERED ACCOUNTANTS,**

QUIET.OFF. NO. 6, 1ST FLOOR,
SECTOR 35-A,
CHANDIGARH
TEL : 0172-4613358

AUDITOR'S REPORT

To the members of HERMAN MILKFOODS LTD.

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

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Ministry of Finance and Company Affairs (Deptt. of Company affairs) of Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- 2 Further to our comments in the Annexure referred to the above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in the sub-section (3C) of the section 211 of the Companies Act, 1956.
 - e) On the basis of representations from the directors, as at 31-03-2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31-03-2009 from being appointed as director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- iii) The Directors have taken proper and sufficient care for the 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 fraud and other irregularities.

The Directors have prepared the annual accounts on going concern basis.

ACKNOWLEDGEMENT

The Directors, place on record their appreciation for the support and assistance received from banks and government authorities for their valuable support. Your directors also wish to place on record their gratitude to the valued shareholders of the company. The Board also records their appreciation to the contribution of their dedicated milk suppliers, dealers, employees and all concerned during the year.

Date: 01.09.2009
Place: Chandigarh

For and on behalf of the Board
HERMAN MILKFOODS LIMITED.

Sd/-

(RACHANA GARG)
CHAIRPERSON

Report  junction.com

In our opinion, subject to the information dealt with in the proceeding paragraph in Annexure to this report, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 (as amended), in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009 and
- ii. In the case of the Profit and Loss Account of the profit for the year ended on the date.

Date: 01.09.2009
Place: Chandigarh

For TARANJEET & ASSOCIATES,
CHARTERED ACCOUNTANTS,

sd/-

(TARANJEET SINGH)
PROPRIETOR

Report  junction.com