

MILKFOOD LIMITED

Annual Report
for the year ended 31st March, 2007

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milkfood

BOARD OF DIRECTORS

UMESH N. SAXENA
ROSHNI JAISWAL
DEEPANKAR BARAT
ASHA GADI
AMARJEET KAPOOR
SURESH ALIPURIA
KARAMJIT JAISWAL

AUDITORS

R.N. Bahl & Co.
Chartered Accountants
New Delhi

BANKERS

State Bank of Patiala
HDFC Bank

REGISTERED OFFICE

Bahadurgarh
Distt. Patiala-147021
(Punjab)

WORKS

Bahadurgarh
Distt. Patiala-147021
(Punjab)

Plot No. 5, Sector 18
Maruti Industrial Complex
Gurgaon (Haryana)

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

HEAD OFFICE

Bhandari House
91, Nehru Place
New Delhi-110019

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NOTICE

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Company will be held at the Registered Office of the Company at Bahadurgarh, District Patiala – 147021, (Punjab) on Wednesday, the 25th July, 2007 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2007 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
- (2) To appoint a Director. Mrs. Asha Gadi retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.
- (3) To appoint Auditors and fix their remuneration. M/s R.N. Bahl & Co., Chartered Accountants, the Auditors, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

- (4) **To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a Special Resolution:**

“RESOLVED THAT in the partial modification of the earlier resolution passed at the Annual General Meeting of the Company held on 8th June, 2006 and in accordance with provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the revision of basic salary payable to Dr. Umesh N. Saxena, Managing Director, of the Company w.e.f. 1st April, 2006 for the remaining tenure of his appointment upto 28th April, 2008 from Rs. 2,90,400 p.m. (consolidated) to Rs. 3,30,000 p.m. (consolidated)”.

“RESOLVED FURTHER THAT he will be entitled to House Rent lease of Rs. 75,000/- p.m. w.e.f. 1st April, 2007. Other terms & conditions of his appointment & remuneration will remain unchanged as approved earlier by the members in the AGM held on 8th June, 06.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file the requisite returns with the Registrar of Companies and to do all such acts, deeds, things and execute all such documents, instruments and writings as may be required in the matter.”

- (5) **To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a Special Resolution:**

“RESOLVED THAT subject to the provisions of section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the appropriate authorities, if any, the consent of the Company be and is hereby accorded to the appointment of Mr. Nitin Saxena in the Company, relative of Dr. Umesh N. Saxena, Managing Director of the Company, w.e.f. 9th June, 2006 as Manager (Civil Works) on a gross monthly remuneration of Rs. 49,500 (Rupees forty nine thousand five hundred only).”

“RESOLVED FURTHER THAT subject to the provisions of section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Govt. and all other appropriate authorities, consent of the Company be and is hereby accorded to the payment of the following remuneration to Mr. Nitin Saxena w.e.f. 1st April, 2007:

Basic salary: salary of Rs. 54,000 p.m. in the Grade of Rs. 54,000-5,000-79,000

House Rent Allowance: he will be entitled to HRA @60% of the basic salary.

Medical Reimbursement: medical expenses incurred for self and his family subject to the ceiling of 15 days' basic salary per year.

Leave Travel Concession: for self and his family once in a year subject to the ceiling of one month's basic salary.

The Company shall provide him a car. He will be entitled to car and telephone expenses as per the Rules applicable to the senior officers of the Company.

He will be entitled to contribution to Provident Fund, gratuity and medical insurance for himself and his family in accordance with the Rules applicable to the senior officers of the Company.

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to file the requisite returns with the Registrar of Companies, Punjab, H.P. & Chandigarh and to do all such acts, deeds, things and execute all such documents, instruments and writings as may be required in the matter."

(6) To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

"RESOLVED THAT Ms. Roshni Jaiswal who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 9th June, 2006 pursuant to Article 108(a) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 to hold office up to the date of ensuing Annual General Meeting and in respect of whom the requisite notice u/s 257 of the Companies Act, 1956 has been received from a member be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file the requisite returns with the Registrar of Companies, Punjab, H.P. & Chandigarh and to do all such acts, deeds, things and execute all such documents, instruments and writings as may be required in the matter."

(7) To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a Special Resolution:

"RESOLVED THAT subject to the provisions of sections 198, 269, 309, 314 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, Ms. Roshni Jaiswal be and is hereby appointed as a Whole-time Director of the Company w.e.f. 9th June, 2006 designated as Director (Projects) liable to retire by rotation on the following terms and conditions:-

1. Basic Salary: Rs. 5 lacs per month (Consolidated)
2. Perquisites: she will be entitled to reimbursement of expenditure or allowances in respect of utilities such as electricity, water, medical reimbursement, medical insurance for herself and her family in accordance with the rules of the Company or as may be mutually agreed between Board and her.
3. Provision of a car with two drivers and telephone facility at her residence for the use of Company's business as well as for her personal use.

"RESOLVED FURTHER THAT the aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time u/s 198, 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act or as may be amended from time to time."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the remuneration as approved in terms of this resolution shall be subject to the limits as set out in Section II of the Part II of the Schedule XIII to the Companies Act, 1956, as may be amended from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file the requisite returns with the Registrar of Companies and to do all such acts, deeds, things and execute all such documents, instruments and writings as may be required in the matter."

(8) To consider and, if thought fit, to pass with or without modification(s), the following resolution, as Special Resolution:

"RESOLVED THAT subject to the provisions of section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the appropriate authorities, if any, the consent of the



Company be and is hereby accorded to the appointment of Mrs. Teresa Barat in the Company, relative of Mr. Deepankar Barat, Director of the Company, w.e.f. 1st September, 2006 with such designation as the Board may decide from time to time on a gross monthly remuneration of Rs. 25,000 (Rupees twenty five thousand only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file the requisite returns with the Registrar of Companies and to do all such acts, deeds, things and execute all such documents, instruments and writings as may be required in the matter."

Dated: 6th June, 2007

By Order of the Board

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

(Umesh N. Saxena)
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. The Register of Members and the Transfer Books of the Company will remain closed on 25th July, 2007.
3. Members are requested to intimate any changes in their address to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical share folios to the Registrar and Share Transfer Agent of the Company at Alankit Assignments Ltd., RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055, or to the Company at 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4:

The Shareholders at their AGM held on 8th June, 2006 had approved the basic salary of Rs. 2,90,400 p.m. (consolidated) payable to Dr. Umesh N. Saxena, Managing Director, on the terms and conditions as set out in that Notice for the AGM.

Dr. Umesh N. Saxena has by his untiring efforts, taken various steps for improving the performance of the Company through various cost cutting measures. Considering the inflationary trend and the substantial increase in business activities of the Company which resulted increase in work and responsibilities of the Managing Director, the Board of Directors deemed fit to revise the basic salary payable to Managing Director. Taking the above into consideration, the Remuneration Committee has also approved the revised basic salary payable to him. The other terms and conditions of his appointment & remuneration will remain the same as approved by the members at the AGM held on 8th June, 2006.

The resolution as set out in this item of the Notice is accordingly recommended for your acceptance. The Notice read with the Explanatory Statement may be treated as an abstract of the variation in the terms of remuneration payable to Dr. Umesh N. Saxena, Managing Director, as required to be circulated under section 302 of the Companies Act, 1956.

None of the Directors, except Dr. Umesh N. Saxena may be deemed to be interested or concerned in the resolution.

Item No. 5:

Mr. Nitin Saxena, relative of Managing Director, has been appointed in the Company. This requires the approval of the members of the Company by way of special resolution. Accordingly, the Board recommends the resolution for the approval of the members of the Company. After getting the approval of the members of the Company, the Company will proceed for getting necessary approvals from appropriate authorities.

None of the Directors, except Dr. Umesh N. Saxena, being related to him, may be deemed to be interested or concerned in the resolution.

Item No. 6 & 7:

Ms. Roshni Jaiswal was appointed as Additional Director with effect from 9th June, 2006 by the Board of Directors in accordance with the provisions of section 260 of the Companies Act, 1956 and article 108(a) of the Articles of Association of the Company. Accordingly, her term expires at the date of ensuing Annual General Meeting.

Company has received the requisite notice u/s 257 of the Companies Act, 1956 proposing her re-appointment as Director liable to retire by rotation.

Considering the Company's expansion plans and her vast experience and expertise in the field of management, the Board of Directors felt that she should be appointed as the Whole-time Director of the Company. The terms & conditions of her appointment and remuneration have been approved by the Remuneration Committee and the Board of Directors.

The resolutions as set out in the Notice are accordingly recommended for your acceptance.

The Notice read with the Explanatory Statement may be treated as an abstract of the terms & conditions of the appointment of Ms. Roshni Jaiswal, as Director (Projects) as required to be circulated under section 302 of the Companies Act, 1956.

Ms. Roshni Jaiswal is interested in the proposed resolutions. Mr. Karamjit Jaiswal, being related to her, may be deemed to be interested or concerned in the said resolutions.

Item No. 8:

Mrs. Teresa Barat, relative of Mr. Deepankar Barat, Director of the Company has been appointed in the Company. This requires the approval of the members of the Company by way of special resolution. Accordingly, the Board recommends the resolution for the approval of the members of the Company.

None of the Directors, except Mr. Deepankar Barat, being related to her, may be deemed to be interested or concerned in the resolution.

Dated: 6th June, 2007

By Order of the Board

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

(Umesh N. Saxena)
Managing 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 year ended 31st March, 2007.

1. CONSERVATION OF ENERGY

- I. Your Company has been making efforts to reduce energy consumption by focusing on improving the steam efficiency and capacity utilisation, upgradation of technology, modernization of plants/ training and motivation of employees towards energy conservation.
- II. The company has installed steam turbine for generation of electricity and a fuel efficient boiler. Implementation of Refrigeration systems consuming low power has been completed during the year. After implementation of the above measures, lower energy consumption has resulted in reduction of cost of processing.

Details pertaining to energy consumption as prescribed are given hereunder:

FORM A

Form for disclosure of particulars with respect to conservation of energy for the year ended 31st March, 2007.

		Year ended 31.03.2007	Year ended 31.03.2006
A) Power and Fuel consumption			
1) Electricity			
a) Purchased			
Units		4,750,347	4,989,674
Total Value	(Rs.)	20,832,945	22,952,466
Rate/Unit	(Rs.)	4.39	4.60
b) Own Generation			
(i) Through Diesel Generator			
Units		650,979	936,287
Total Value	(Rs.)	6,820,609	9,109,217
Unit per litre of:			
Diesel Oil		3.28	3.40
Cost/Unit	(Rs.)	10.48	9.73
(ii) Through Steam Turbine			
Units		1,346,860	771,086
Total Value	(Rs.)	-	-
Unit per Kgs of:			
Steam		0.03	0.03
Cost/Unit	(Rs.)	-	-
2) Others/Internal Generation			
Rice Husk/Petroleum Coke/Charcoal			
Buggase/Fire Wood			
Quantity (Tonnes)		24,006	20,809
Total Amount	(Rs.)	49,181,912	35,511,252
Avg. Rate	(Rs.)	2,049	1,707

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

2. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in note no. 18 B (23) and 18 B (24) in Schedule No. 18 - Significant Accounting Policies and Notes to Accounts. Members are requested to please refer to these notes for the relevant information.



MILKFOOD LIMITED

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

DP ID	
Client ID	

ATTENDANCE SLIP

Folio No.	
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PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL
Joint Shareholders may obtain additional attendance slip at the entrance.

I hereby record my presence at the 34th ANNUAL GENERAL MEETING at Bahadurgarh, Distt. Patiala on Wednesday, the 25th July, 2007.

SIGNATURE OF THE SHAREHOLDER OR PROXY _____



MILKFOOD LIMITED

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

DP ID	
Client ID	

PROXY

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

I/We _____
of _____ being
a Member/Members of MILKFOOD LIMITED hereby appoint Mr./Ms. _____

_____ of _____

or failing him/her Mr./Ms. _____

of _____

or failing him/her Mr./Ms. _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held on 25th July, 2007 and at any adjournment thereof.

Signed this _____ day of _____ 2007

Signed by the said _____

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

- (2) Shareholders are requested to forward their queries on the account of the Company for the period ended 31st March, 2007 to the Registered Office of the Company at least 10 days in advance to enable us to keep the information ready at the Meeting.

Affix a
Revenue
Stamp



Directors' Report

TO THE MEMBERS

The Directors present their Thirty Fourth Annual Report together with Audited Accounts of the Company for the financial year ended 31st March, 2007.

FINANCIAL RESULTS

(Rs./Lacs)

Profit after charging all expenses before Depreciation	1005.15
Deduct: Depreciation	<u>277.46</u>
Profit for the year	727.69
Provision for Current Tax	83.11
Fringe Benefit Tax	18.00
Provision for Deferred Tax	<u>148.15</u>
Transferred to General Reserve	<u>478.43</u>

OPERATIONS

During the period under Report, the Company's Sales were Rs. 31,259 lacs and cash profit Rs. 1,005 lacs as compared to last year's figures of Rs. 20,627 lacs and cash profit of Rs. 581 lacs respectively. After depreciation, the profit for the year is Rs. 728 lacs as compared to the profit of Rs. 415 lacs in the previous year.

DIVIDEND

Directors are not recommending any dividend with the view to augment resources for proposed capital expenditure.

FIXED DEPOSITS

On 31.3.2007, there is only one unclaimed fixed deposit with Company amounting Rs. 10,000/-.

During the year the Company has restarted the Fixed Deposit Scheme.

FORMATION OF WHOLLY OWNED SUBSIDIARY COMPANY

The Company has formed a Wholly Owned Subsidiary Company in the name of 'Ispace Developers Pvt. Ltd.' on 29th March, 2007. During the year, due to the disinvestments in the Triplefast Investments Pvt. Ltd., this Company has ceased to be the subsidiary of the Company.

A statement pursuant to section 212 of the Companies Act, 1956, is attached to the Accounts.

CONSOLIDATED ACCOUNTS

The Consolidated Accounts of the Company and its subsidiary are annexed to this Report.

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2007 and of the profit of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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

INFORMATION UNDER THE LISTING AGREEMENT WITH STOCK EXCHANGE

Pursuant to the special resolution passed by the members of the Company the shares of the Company have been delisted from Delhi Stock Exchange Assn. Ltd. and The Ludhiana Stock Exchange Assn. Ltd.

The shares of your Company remain listed at the Bombay Stock Exchange Ltd. (BSE) and the Stock Code at BSE is: 507621.

Listing fees for the financial year 2007-2008 has been paid.

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

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

DIRECTORS

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

Ms. Roshni Jaiswal has been appointed as the Additional Director by the Board of Directors of the Company in their meeting held on 9th June, 2006 to hold the office up to the date of ensuing Annual General Meeting. Company has received the requisite notice from the member under section 257 of the Companies Act, 1956 proposing her candidature for the office of Director. The Board recommends her re-appointment.

Ms. Roshni Jaiswal has been appointed, subject to the approval of the members of the Company, as Whole time Director designated as Director (Projects) w.e.f. 9th June, 2006

Brief resume of the above Directors, nature of their expertise in specific functional areas and names of companies in which they hold the Directorship and the Membership/Chairmanship of the Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is annexed to the Corporate Governance Report.

AUDITORS

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

GENERAL

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

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

For and on behalf of the Board

New Delhi
6th June, 2007

(KARAMJIT JAISWAL)
Executive Chairman