

milkfood

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MILKFOOD LIMITED
Annual Report
for the year ended 31st March, 2008

BOARD OF DIRECTORS

DR. UMESH N. SAXENA (Managing Director)

ASHA GADI

AMARJEET KAPOOR

SURESH ALIPURIA

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)

Village Agwanpur

Kanth Road,

Moradabad-244001

(Uttar Pradesh)

HEAD OFFICE

Bhandari House

91, Nehru Place

New Delhi-110019

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Directors' Report

TO THE MEMBERS

The Directors present their Thirty Fifth Annual Report together with Audited Accounts of the Company for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

(Rs./Lacs)

Profit after charging all expenses before Depreciation	823
Deduct: Depreciation	353
Profit for the year	470
Provision for Current Tax	57
Fringe Benefit Tax	17
Provision for Deferred Tax	158
Tax adjustment for earlier years	63
Transferred to General Reserve	175

OPERATIONS

During the period under Report, the Company's Sales and other income were Rs. 32,829 lacs and cash profit Rs. 823 lacs as compared to last year's figures of Rs. 31,260 lacs and cash profit of Rs. 1,005 lacs respectively. After depreciation, the profit for the year is Rs. 470 lacs as compared to the profit of Rs. 728 lacs in the previous year.

DIVIDEND

Directors are not recommending any dividend with the view to augment resources for working capital requirements.

FIXED DEPOSITS

On 31.3.2008, there were only five unclaimed fixed deposits with Company amounting Rs. 390,000/-. Out of which, four fixed deposits amounting Rs. 3,80,000 have been renewed/repaid.

CONSOLIDATED ACCOUNTS

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, 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, 2008 and of the profit of the Company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (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

The shares of your Company are listed at the Bombay Stock Exchange Ltd. (BSE) and the Stock Code at BSE is: 507621. Listing fees for the financial year 2008-09 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

Mr. Amarjeet Kapoor, Director, retires by rotation and, being eligible, offers himself for re-election. The Board recommends his re-appointment.

Dr. Umesh N. Saxena, Managing Director has resigned from the Directorship of the Company w.e.f. 20th August, 2007 and he has been re-appointed as the Managing Director of the Company w.e.f. 1st May, 2008.

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 in the Corporate Governance Report.

Mrs. Teresa Barat has been appointed as the Additional Director by the Board of Directors of the Company in their meeting held on 20th August, 2007 to hold the office up to the date of ensuing Annual General Meeting. Further, she has been appointed, subject to the approval of the members of the Company, as the Whole time Director w.e.f. 20th August, 2007. Mrs. Teresa Barat, Whole-time Director, has resigned from the Directorship of the Company w.e.f. 1st May, 2008.

Mr. Deepankar Barat, Director, has resigned from the Directorship of the Company w.e.f. 20th August, 2007.

During the year under Report, Mr. Karamjit Jaiswal, Executive Chairman and Ms. Roshni Jaiswal, Director (Projects) have resigned from the Directorship of the Company w.e.f. 1st May, 2008.

The Board places on record its sincere appreciation for the useful services rendered by these outgoing Directors.

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 and the bankers 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
30th June, 2008

(Dr. Umesh N. Saxena)
Managing Director

(Suresh Alipuria)
Director



NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Bahadurgarh, District Patiala – 147021, (Punjab) on Friday, the 29th August, 2008 at 10.30 A.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, 2008 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
- (2) To appoint a Director. Mr. Amarjeet Kapoor, Director, retires by rotation at this Annual General Meeting and being eligible, offers himself 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 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, the appointment of Mrs. Teresa Barat as a Whole-time Director of the Company w.e.f. 20th August, 2007 to 30th April, 2008 be and is hereby approved and ratified on a monthly consolidated remuneration of Rs. 25,000 (Rupees Twenty Five Thousand only) p.m.”

“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.”

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

“RESOLVED THAT Dr. Umesh N. Saxena who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 1st May, 2008 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.”

“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.”

- (6) **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, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Dr. Umesh N. Saxena as the Managing Director of the Company for a period of three years with effect from 1st May, 2008 on the following terms & conditions:

1. Basic Salary: Rs. 4,00,000/- (Rupees four lacs only) p.m.

2. Commission on Net Profits: one percent of the net profits of the Company computed in the manner laid down under section 309(5) of the Companies Act, 1956 subject to a maximum of 50% of the basic salary.
3. Perquisites: in addition to salary and commission, the Managing Director shall also be entitled to reimbursement of expenditure or allowances in respect of utilities such as gas, electricity, water, medical re-imbursement, medical insurance for himself and his family, household insurance, club fees in accordance with the Rules of the Company or as may be agreed by the Board and the Managing Director.
4. Provision of car with driver and telephone facility at the Managing Director's residence for the use of Company's business as well as for his personal use.
5. Leave Travel Allowance: he shall be entitled to leave travel allowance as per the rules of the Company.
6. Tax on the following perquisites shall be borne by the Company vide section 10(10CC) of the Income Tax Act, 1962:
 - a. Electricity & Water
 - b. Medical
 - c. Car
 - d. Club Membership Fees
 - e. Household Insurance
7. The following shall not be included for the purpose of computation of his remuneration or perquisites as aforesaid;
 - (i) Company's contribution to Provident Fund and/or Superannuation or Annuity Fund subject to a maximum limit as prescribed under the law;
 - (ii) Gratuity payable as per rules of the Company;
 - (iii) He shall be entitled to fully paid leave of Thirty days for every eleven months completed service. Leave not availed of shall not be en-cashed."

"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 of Dr. Umesh N. Saxena, Managing Director, 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."

Dated: 30th June, 2008

By Order of the Board

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

(Dr. Umesh N. Saxena)
Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. The Register of Members and the Transfer Books of the Company will remain closed on 29th August, 2008 for the purpose of Annual General Meeting.
3. Members are requested to intimate changes in their addresses to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical share folios to the Registrar and Share Transfer Agent of the Company at Alankit Assignments Ltd., RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055, or to the Company at 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:

Mrs. Teresa Barat has been appointed as the Additional Director with effect from 20th August, 2007 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.

Considering the Company's expansion plans and her vast experience and expertise in the field of management, the Board of Directors, subject to the approval of the members of the Company, appointed her as the Whole-time Director of the Company w.e.f. 20th August, 07. The terms & conditions of her appointment and remuneration have been approved by the Remuneration Committee and the Board of Directors.

Mrs. Teresa Barat has resigned from the Directorship of the Company w.e.f. 1st May, 2008. As she was appointed as the Whole time Director subject to the approval of the members of the Company, so the Board of Directors place the resolution, appointing her as the Whole time Director, before the members of the Company for their approval.

The resolution as set out in the Notice is 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 Mrs. Teresa Barat as Whole Time Director as required to be circulated under section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Teresa Barat may be deemed to be interested or concerned in the resolution.

Item No. 5&6:

Dr. Umesh N. Saxena has been appointed as Additional Director with effect from 1st May, 2008 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, his 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 his re-appointment as a Director of the Company.

Considering the Company's expansion plans and long association of Dr. Umesh N. Saxena with the Company, the Board of Directors of the Company felt that he should be appointed as the Managing Director of the Company. Subject to the shareholders' approval, the Board of Directors at their meeting held on 1st May, 2008 have appointed Dr. Umesh N. Saxena as the Managing Director of the Company for a period of three years w.e.f. 1st May, 2008.

The terms & conditions of his appointment and remuneration have been approved by the Remuneration Committee.

Dr. Umesh N. Saxena has the vast experience and expertise in the field of business development and corporate management.

The Board recommends the resolution for the approval of members.

No other Director other than Dr. Umesh N. Saxena, Managing Director, is concerned or interested in the proposed resolution.

The Notice read with the Explanatory Statement should be treated as an abstract of the terms & conditions of the appointment of Dr. Umesh N. Saxena as the Managing Director as required to be circulated under section 302 of the Companies Act, 1956.

Dated: 30th June, 2008

By Order of the Board

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

(Dr. Umesh N. Saxena)
Managing Director



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 35th ANNUAL GENERAL MEETING at Bahadurgarh, Distt. Patiala on Friday, the 29th August, 2008.

SIGNATURE OF THE SHAREHOLDER OR PROXY _____



MILKFOOD LIMITED

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

DP ID	
Client ID	

PROXY

Folio No.	
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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 35th Annual General Meeting of the Company to be held on 29th August, 2008 and at any adjournment thereof.

Signed this _____ day of _____ 2008

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, 2008 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



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, 2008.

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. Modification in the 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, 2008.

		Year ended 31.03.2008	Year ended 31.03.2007
A) Power and Fuel consumption			
1) Electricity			
a) Purchased			
Units		6,940,925	4,750,347
Total Value	(Rs.)	31,419,986	20,832,945
Rate/Unit	(Rs.)	4.53	4.39
b) Own Generation			
(i) Through Diesel Generator			
Units		686,016	650,979
Total Value	(Rs.)	7,223,782	6,820,609
Unit per litre of:			
Diesel Oil		3.15	3.28
Cost/Unit	(Rs.)	10.53	10.48
(ii) Through Steam Turbine			
Units		2,640,668	1,346,860
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)		27,430	24,006
Total Amount	(Rs.)	72,785,841	49,181,912
Avg. Rate	(Rs.)	2,654	2,049

- 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 (28) and 18 B (29) in Schedule No. 18 - Significant Accounting Policies and Notes to Accounts. Members are requested to please refer to these notes for the relevant information.