

# MILKFOOD LIMITED

**Annual Report**  
for the year ended 31st March, 2009

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**milkfood**

## BOARD OF DIRECTORS

DR. UMESH N. SAXENA (Managing Director)  
ASHA GADI  
AMARJEET KAPOOR  
SURESH ALIPURIA  
KEWAL KRISHAN KOHLI

## 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 Sixth Annual Report together with Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

(Rs./Lacs)

Profit after charging all expenses before Depreciation	501
Deduct: Depreciation	<u>372</u>
Profit for the year	129
Provision for Current Tax	9
Fringe Benefit Tax	15
Deferred Tax (Asset)	(224)
Tax adjustment for earlier years	<u>11</u>
Transferred to General Reserve	<u>318</u>

### OPERATIONS

During the period under Report, the Company's sales and other income were Rs. 24,309 lacs and cash profit Rs. 501 lacs as compared to last year's figures of Rs. 32,829 lacs and cash profit of Rs. 823 lacs respectively. After depreciation, the profit for the year is Rs. 129 lacs as compared to the profit of Rs. 470 lacs in the previous year.

### DIVIDEND

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

### FIXED DEPOSITS

As on 31.03.2009, there were only three unclaimed fixed deposits with Company amounting to Rs. 70,000/-, out of which, two fixed deposits amounting to Rs. 20,000/- have been renewed.

### CONSOLIDATED ACCOUNTS

The Consolidated Accounts of the Company and of its wholly owned subsidiary Company 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 31<sup>st</sup> March, 2009 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 2009-10 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. Suresh Alipuria, Director, retires by rotation and, being eligible, offers himself for re-election. The Board recommends his re-appointment.

Mr. Kewal Krishan Kohli has been appointed as the Additional Director of the Company w.e.f. 1<sup>st</sup> September, 2008. He holds the office up to the date of ensuing Annual General Meeting. The Board recommends his re appointment.

Subject to the approval of the members of the Company, Mr. Amarjeet Kapoor, Director, has been appointed as the Whole time Director of the Company w.e.f. 1<sup>st</sup> September, 2008. The Board recommends his appointment as the Whole time Director of the Company.

Brief resume of the above Directors, nature of their expertise in specific functional areas and name 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 are annexed in the Corporate Governance Report.

Dr. Umesh N. Saxena has been appointed as the Managing Director of the Company w.e.f. 1<sup>st</sup> May, 2008 and his appointment as Managing Director has been approved by the members of the Company in their last Annual General Meeting held on 29<sup>th</sup> August, 2008.

## **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 Statutory Auditors in their Report are not being dealt with separately.

For and on behalf of the Board

New Delhi  
17<sup>th</sup> June, 2009

(Dr. Umesh N. Saxena)  
Managing Director

(Suresh Alipuria)  
Director

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

## BOARD OF DIRECTORS:

As on 31<sup>st</sup> March, 2009 the Board of Directors of the Company has 5 Members.

None of the Directors of the Company is a member of more than 10 Committees or Chairman of more than 5 Committees across all Companies in which he is a Director.

Eleven Board meetings were held during the financial year on 04.04.2008, 30.04.2008, 01.05.2008, 02.06.2008, 30.06.2008, 31.07.2008, 01.09.2008, 06.09.2008, 31.10.2008, 25.12.2008 and 31.01.2009.

Composition of Board of Directors as on 31<sup>st</sup> March, 2009 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM attended held on 29 <sup>th</sup> August, 2008	No. of Directorship held in other companies*	No. of Committee position held in other public limited companies as a Chairman	No. of Committee position held in other public limited companies as a Member
Dr. Umesh N. Saxena	Executive Non – Independent	9	Yes	9	Nil	Nil
Mrs. Asha Gadi	Non – Executive Independent	10	No	1	Nil	Nil
Mr. Suresh Alipuria	Non – Executive Independent	10	Yes	5	Nil	Nil
Mr. Amarjeet Kapoor	Executive Non – Independent	11	No	11	Nil	Nil
Mr. Kewal Krishan Kohli	Non – Executive Independent	4	N.A.	13	Nil	Nil

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

Mr. Amarjeet Kapoor, Director, has been appointed as the Whole time Director of the Company w.e.f. 1st September, 2008.

Mr. Kewal Krishan Kohli has been appointed as the Additional Director of the Company w.e.f. 1st September, 2008.

## MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Dr. Umesh N. Saxena, Managing Director

Mr. Sudhir Avasthi, Finance Director

Mr. Amarjeet Kapoor, Whole time Director

## AUDIT COMMITTEE:

The Audit Committee of the Company comprises of three members all of whom are Non Executive Independent Directors. The terms of reference, role and powers of the Audit Committee are as provided under Clause 49 of the Listing Agreement with the Stock Exchange.

The composition of the Audit Committee as on 31<sup>st</sup> March, 2009 is as follows:

Name	Designation
Mr. Suresh Alipuria	Chairman
Mr. Kewal Krishan Kohli	Member
Mrs. Asha Gadi	Member

Ms. Kamlesh Gupta, Company Secretary, acts as Secretary of the Committee.

Five meetings of the Audit Committee were held during the financial year. Attendance at meetings during the year:

Date of Meetings	Mr. Suresh Alipuria	Mr. Kewal Krishan Kohli	Mrs. Asha Gadi	Mr. Amarjeet Kapoor
28.04.2008	Yes	N.A.	Yes	Yes
28.06.2008	Yes	N.A.	Yes	Yes
29.07.2008	Yes	N.A.	Yes	Yes
29.10.2008	Yes	Yes	Yes	N.A.
29.01.2009	Yes	Yes	Yes	N.A.

Mr. Kewal Krishan Kohli has been appointed as the Member of the Committee w.e.f. 1st September, 2008.

Mr. Amarjeet Kapoor ceased to be member of the Committee w.e.f. 1st September, 2008.

The Audit Committee Meetings are also attended by Mr. Sudhir Avasthi, Finance Director.

## REMUNERATION COMMITTEE:

The Remuneration Committee consists of three Non Executive Independent Directors. The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchange. It determines the Company's policy on all elements of remuneration packages of all the Executive Directors and recommends the suitable revision to the Board.

The Remuneration Committee of the Company as on 31st March, 2009 comprises of the following three Directors of the Company:

Name	Designation
Mr. Suresh Alipuria	Chairman
Mr. Kewal Krishan Kohli	Member
Mrs. Asha Gadi	Member

Two meetings were held during the financial year. Attendance at meetings is as follows:

Date of Meetings	Mr. Suresh Alipuria	Mr. Kewal Krishan Kohli	Mrs. Asha Gadi	Mr. Amarjeet Kapoor
28.04.2008	Yes	N.A.	Yes	Yes
30.08.2008	Yes	N.A.	Yes	No

Mr. Kewal Krishan Kohli has been appointed as the member of the Committee w.e.f. 1<sup>st</sup> September, 2008.

Mr. Amarjeet Kapoor ceased to be member of the Committee w.e.f. 1<sup>st</sup> September, 2008.

#### DETAILS OF REMUNERATION PAID TO DIRECTORS:

The aggregate value of remuneration and perquisites paid for the financial year ended 31<sup>st</sup> March, 2009 to Dr. Umesh N. Saxena, Managing Director, Ms. Roshni Jaiswal, Director (Projects), Mrs. Teresa Barat, Whole time Director and Mr. Amarjeet Kapoor, Whole time Director is as follows:

	Dr. Umesh N. Saxena (Rs.)	Ms. Roshni Jaiswal (Rs.)	Mrs. Teresa Barat (Rs.)	Mr. Amarjeet Kapoor (Rs.)
Basic Salary	44,00,000	5,00,000	25,000	1,05,000
Contribution to Provident Fund	5,28,000	—	—	—
Other Benefits & Allowances	5,18,727	—	—	—
<b>Total</b>	<b>54,46,727</b>	<b>5,00,000</b>	<b>25,000</b>	<b>1,05,000</b>

During the financial year 2008-09, profits of the Company computed u/s 198 read with section 349 of the Companies Act, 1956 are inadequate for the purpose of computation of managerial remuneration due to lower milk processing, increase in interest cost and increase in depreciation. Thus, the remuneration has been paid to its managerial personnel in accordance with the Section II of part II of Schedule XIII of Companies Act, 1956.

Company pays sitting fees to all the Non-Executive Directors @ Rs. 500 for each Board Meeting attended. The sitting fees paid to the Directors for the financial year ended on 31<sup>st</sup> March, 2009 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 5,000
Mr. Suresh Alipuria	Rs. 5,000
*Mr. Amarjeet Kapoor	Rs. 3,000
Mr. Kewal Krishan Kohli	Rs. 2,000
*Mr. Amarjeet Kapoor has been appointed as the Whole time Director of the Company w.e.f. 1 <sup>st</sup> September, 2008.	

#### Details of shareholding of Non-Executive Directors as on 31st March, 2009

Name of The Director	No. of shares held
Mr. Suresh Alipuria	Nil
Mr. Kewal Krishan Kohli	Nil
Mrs. Asha Gadi	Nil

#### INVESTOR GRIEVANCE COMMITTEE:

The Investor Grievance Committee comprises of three members all of whom are Non Executive Independent Directors. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the Listing Agreement with the Stock Exchange with particular reference to transfer of shares, complaints of shareholders etc.

The composition of the Committee as on 31st March, 2009 is as follows:

Name	Designation
Mr. Suresh Alipuria	Chairman
Mr. Kewal Krishan Kohli	Member
Mrs. Asha Gadi	Member

Four meetings of the Committee were held during the financial year. Attendance at meetings is as follows:

Attendance at meetings during the year:

Date of Meetings	Mr. Suresh Alipuria	Mr. Kewal Krishan Kohli	Mrs. Asha Gadi	Mr. Amarjeet Kapoor
28.04.2008	Yes	N.A.	Yes	Yes
29.07.2008	Yes	N.A.	Yes	Yes
29.10.2008	Yes	Yes	Yes	N.A.
29.01.2009	Yes	Yes	Yes	N.A.

Mr. Kewal Krishan Kohli has been appointed as the member of the Committee w.e.f. 1st September, 2008.

Mr. Amarjeet Kapoor ceased to be member of the Committee w.e.f. 1st September, 2008.

Ms. Kamlesh Gupta, Company Secretary, acts as Secretary to the Committee and also as the Compliance Officer.

During the year no complaint has been received from the members of the Company.

**ANNUAL GENERAL MEETINGS:**

Location and time for the last three AGMs:

Year	Date	Venue	Time	No of Special resolutions Passed
2006	08.06.2006	Registered Office	12.30 p.m.	1
2007	25.07.2007	Registered Office	12.30 p.m.	4
2008	29.08.2008	Registered Office	10.30 a.m.	2

No resolution has been passed through Postal Ballot.

**DISCLOSURE:**

During the financial year 2008-09, the Company has entered upon related party transactions envisaged under the Corporate Governance Code which have been disclosed in Note 20 under Schedule 18(B) to the Accounts.

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

**Code of Conduct:**

The Company has adopted Code of Conduct for Board Members and Senior Management. The Code of Conduct has been posted at the website of the Company.

**MEANS OF COMMUNICATION:****Quarterly Results:**

The quarterly and yearly financial results of the Company are forwarded to the Stock Exchange where the Company is listed immediately upon the approval by the Board of Directors and quarterly results are published in a widely circulated English daily and a Punjabi daily as are required under the Listing Agreement with the Stock Exchange.

**Management Discussion and Analysis Report shall form part of the Annual Report.**

**GENERAL SHAREHOLDERS' INFORMATION:****Annual General Meeting (AGM):**

Date & Time	: 25 <sup>th</sup> August, 2009, 10.30 a.m.
Venue	: Registered Office
Book Closure Date	: 25 <sup>th</sup> August, 2009
Dividend	: Nil

**Financial Calendar for 2009-2010: (Tentative)**

Financial Results for	
First Quarter	: in the last week of July,2009
Second Quarter	: in the last week of October,2009
Third Quarter	: in the last week of January,2010
Fourth Quarter	: in the last week of April,2010

**Market Price Data:**

High and Low market price during each month in last financial year from April,2008 to March, 2009 at Bombay Stock Exchange Limited (BSE) is as follows:

Month	High	Low	Month	High	Low
April,08	419.00	361.10	October,08	405.00	301.50
May,08	400.00	346.10	November,08	378.00	213.00
June,08	450.00	346.30	December,08	299.00	222.05
July,08	400.00	328.90	January,09	298.95	170.00
August,08	405.00	312.50	February,09	324.95	180.00
September,08	425.00	331.50	March, 09	294.30	256.55

**Registrar and Share Transfer Agent:**

M/s Alankit Assignments Ltd., 205-206, Anarkali Market, Jhandewalan Extn., New Delhi-110055 acts as Registrar and Share Transfer Agent of the Company.

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

**Share transfer system:**

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

**Distribution of shareholding as on 31<sup>st</sup> March, 2009**

Shareholding of nominal value of Rs.	No. of shareholders	No. of shares held	%age of total shareholding (Rounded off)
1-5000	4018	5,65,153	11.57
5001-10000	199	1,47,341	3.01
10001-20000	78	1,10,727	2.27
20001-30000	9	22,395	0.46
30001-40000	11	38,735	0.79
40001-50000	2	8,616	0.18
50001-100000	3	20,605	0.42
100001 and above	15	39,72,868	81.30
Total	4335	48,86,440	100.00



**Shareholding pattern as on 31<sup>st</sup> March, 2009**

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	24,48,344	50.10
Mutual Funds	2,700	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FII's	2,02,000	04.14
Corporate Bodies	13,45,938	27.54
Indian Public	8,83,695	18.09
NRI's/OCBs	3,263	00.07
Total	**48,86,440	100.00

\*\*includes 2875 partly paid up equity shares.

**Dematerialization of shares and liquidity:**

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

As on 31<sup>st</sup> March, 2009, 44% of the capital was held in dematerialized form and the rest in physical form.

**Plant Locations:**

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

Hamira Plant: Jagatjit Nagar – 144802, District Kapurthala, Punjab.

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

**Address for correspondence:**

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

Head Office & Share Department: 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.

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

(Pursuant to Clause 49 of the Listing Agreement)

Mr. Suresh Alipuria, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. He was appointed as a Director of the Company w.e.f. 27<sup>th</sup> March, 2006.

He is 50 years old. He is a qualified Chartered Accountant and has vast experience in the filed of accounts, finance and banking.

He holds the Directorship in the following companies:

- |  |  |                                   |
|--|--|-----------------------------------|
| 1. Industrial Containers & Closures Ltd. | 3. Parthasarathi Sanitarywares Pvt. Ltd. | 5. J. and J. Ice Creams Pvt. Ltd. |
| 2. Jagatjit Spirits & Wine Ltd.          | 4. J. Ice Cream Pvt. Ltd.                |                                   |

Mr. Amarjeet Kapoor was appointed as a Director of the Company w.e.f. 27<sup>th</sup> March, 2006. The Board of Directors has appointed him as the Whole time Director w.e.f. 1<sup>st</sup> September, 2008. He is 48 years old and has vast experience in the filed of finance and business development.

He is holding the Directorship in the following companies:

- |  |                                     |  |
|--|-------------------------------------|--|
| 1. Double Durable Investments Ltd.       | 5. Palm Beach Investments Pvt. Ltd. | 9. Pickwick Holdings Pvt. Ltd.         |
| 2. Quick Return Investment Co. Ltd.      | 6. Snowwhite Holdings Pvt. Ltd.     | 10. Aristocrat Mineral Water Pvt. Ltd. |
| 3. Industrial Containers & Closures Ltd. | 7. Hybrid Holdings Pvt. Ltd.        | 11. Galaxy Pet Packaging Pvt. Ltd.     |
| 4. Blue Skies Investments Pvt. Ltd.      | 8. County Investments Pvt. Ltd.     |  |

Mr. Kewal Krishan Kohli has been appointed as the Additional Director of the Company w.e.f. 1<sup>st</sup> September, 2008. He is 52 years old. He is qualified Company Secretary, Cost Accountant and is law graduate. He has vast experience in the filed of finance, corporate law matters and legal matters.

He is holding the Directorship in the following companies:

- |  |                                   |   |
|--|-----------------------------------|---|
| 1. Double Durable Investments Ltd.       | 6. Pickwick Holdings Pvt. Ltd.    | 11. Jagatjit Spirits & Wine Ltd.                |
| 2. Quick Return Investment Co. Ltd.      | 7. Galaxy Pet Packaging Pvt. Ltd. | 12. Fast Buck Investments & Trading Pvt. Ltd.   |
| 3. Industrial Containers & Closures Ltd. | 8. L.P. Investments Ltd.          | 13. Hyderabad Distilleries & Wineries Pvt. Ltd. |
| 4. Hybrid Holdings Pvt. Ltd.             | 9. Ayaan Properties Private Ltd.  |   |
| 5. County Investments Pvt. Ltd.          | 10. Binnies Estates Ltd.          |   |

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry Structure and Development**

India has emerged today as the largest milk producer in the world. The Dairy Industry is recognized as one of the largest and most important of food industry. The Dairy Industry exists for one purpose to provide at a reasonable cost milk and milk products that satisfy the consumers' needs and fulfills his nutritional requirements.

While the Government is committed to provide all possible assistance to establish a vibrant dairy industry, there is an urgent need for whole hearted co-operation from the private sector to meet global challenges.

**Opportunities and Threats**

The Company has successfully launched Dairy Whitener. It was a silent entry in the market and the Company did not incur much needed promotional expenses. The Company relied upon its network of dealers for the sale of the Dairy Whitener. Initial response is very encouraging. The Company also hopes to export the product in the coming months.





Recession in the international market can create a surplus situation in India which happened throughout the financial year ended 31st March, 2009. Ghee is sold largely in the unorganized sector. Availability of good quality milk is also a constraint in certain months of the year due to climatic conditions.

#### **Internal Control System**

The Company has paid the particular attention for proper maintenance of the equipments to ensure that they operate at the rated capacities.

Company has taken the effective steps for the reduction of cost and to improve the quality of the product.

The Company is operating on customized Computer Software Packages with a view to derive various types of MIS required by different levels of management functionaries.

There is a procedure of physical verification of fixed and current assets of the Company at regular intervals. The Company has a system of assessing the total market of dairy products in different segments/ territories and efforts are made to enhance Company's share of the total market.

The management has taken the stringent steps to give better milk products to the consumer. Milkfood brand ghee is household name in the northern and eastern region of the country. The brand commands a premium in retail as well as bulk markets.

#### **Segment Wise /Product Wise Reporting**

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

#### **Financial Performance**

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

#### **Human Resources**

The success of any organization depends on its main asset i.e. the human resources. The Company maintained a cordial relationship with its personnel during the year. The management places its sincere appreciation for the useful contribution made by its employees during the year.

#### **Disclaimer Statement**

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

For and on behalf of the Board

New Delhi  
17<sup>th</sup> June, 2009

(Dr. UMESH N. SAXENA)  
MANAGING DIRECTOR

### **Declaration as required under Clause 49 of the Listing Agreement**

I, Umesh N. Saxena, Managing Director, hereby declare that the Code of Conduct adopted by the Company for its Board and Senior Management Personnel has been duly complied by all Board Members and Senior Management personnel of the Company.

(Dr. Umesh N. Saxena)  
Managing Director

Place: New Delhi  
Date : 17<sup>th</sup> June, 2009

### **AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of  
Milkfood Limited

We have reviewed the implementation of Corporate Governance procedures by Milkfood Limited during the year ended March 31, 2009, with the relevant records and documents maintained by the Company, furnished to us for our review and the Report on Corporate Governance as approved by the Board of Directors.

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

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

On the basis of our review and according to the information and explanations given to us, the company has generally complied with the conditions laid down in clause 49 of the listing agreement.

For R.N. Bahl & Co.  
Chartered Accountants

Place: New Delhi  
Date : 17<sup>th</sup> June, 2009

R.N. Bahl  
(Partner)  
Membership No. FCA 2277

## Financial Highlights

(Rs. in lacs or as indicated)

PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
<b>ASSETS</b>										
Fixed Assets (Net Block)	8,715	8,525	8,636	5,441	3,434	1,386	1,118	1,231	1,090	1,199
Investments	2,026	1,226	426	426	450	453	434	9	9	9
Current Assets	4,719	5,574	5,088	6,051	3,193	4,276	2,353	3,221	2,960	3,732
<b>TOTAL</b>	<b>15,460</b>	<b>15,325</b>	<b>14,150</b>	<b>11,918</b>	<b>7,077</b>	<b>6,115</b>	<b>3,905</b>	<b>4,461</b>	<b>4,059</b>	<b>4,940</b>
<b>LIABILITIES</b>										
Loans, Current Liabilities and Provisions	11,453	11,636	10,635	8,882	4,371	3,436	1,327	1,796	1,145	1,998
<b>NET WORTH</b>	<b>4,007</b>	<b>3,689</b>	<b>3,515</b>	<b>3,036</b>	<b>2,706</b>	<b>2,679</b>	<b>2,578</b>	<b>2,665</b>	<b>2,914</b>	<b>2,942</b>
<b>REPRESENTED BY</b>										
Share Capital	489	489	489	489	489	489	489	489	489	489
Reserves & Surplus	3,518	3,200	3,026	2,547	2,217	2,190	2,089	2,176	2,425	2,453
<b>TOTAL</b>	<b>4,007</b>	<b>3,689</b>	<b>3,515</b>	<b>3,036</b>	<b>2,706</b>	<b>2,679</b>	<b>2,578</b>	<b>2,665</b>	<b>2,914</b>	<b>2,942</b>
<b>OPERATING PERFORMANCE</b>										
Revenue	24,309	32,829	31,260	20,627	19,152	19,027	16,435	16,279	20,113	18,674
Gross Profit Earnings	501	823	1,005	581	91	286	3	7	117	161
Profit/(Loss) before tax	128	470	728	415	8	201	(127)	(157)	(28)	(44)
Profit/(Loss) after tax	318	175	478	330	27	101	(88)	(107)	(29)	(44)
Earnings per Share (Rs.)	6.50	3.57	9.79	6.75	0.56	2.07	-	-	-	-
Dividend - Amount per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
- Rate (%)	-	-	-	-	-	-	-	-	-	-
Book Value of Shares(Rs.)	81.99	75.49	71.92	62.13	55.37	54.83	52.76	54.54	59.63	60.21
<b>GROSS EARNINGS</b>										
As a percentage of Revenue	2.06	2.51	3.22	2.82	0.48	1.50	0.02	0.04	0.58	0.86
As a percentage of Fixed Assets	5.74	9.66	11.64	10.68	2.65	20.63	0.27	0.57	10.73	13.43
As a percentage of Capital Employed	12.49	22.32	28.60	19.14	3.36	10.68	0.12	0.26	4.02	5.47