

MILKFOOD LIMITED

Annual Report
for the year ended 31st March, 2011



milkfood

BOARD OF DIRECTORS

ASHA GADI
AMARJEET KAPOOR
SURESH ALIPURIA
KEWAL KRISHAN KOHLI

AUDITORS

Madan & Associates
Chartered Accountants
New Delhi

BANKERS

State Bank of Patiala
Canara 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

CONTENTS

Directors' Report	1
Corporate Governance Report	3
Auditors' Report	9
Balance Sheet	12
Profit & Loss Account	13
Cash Flow	14
Schedules	15
Consolidated Balance Sheet	26



MILKFOOD LIMITED

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

DP ID	
Client ID	

ATTENDANCE SLIP

Folio No.	
No. of Shares held	

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 38th ANNUAL GENERAL MEETING at Bahadurgarh, Distt. Patiala on Friday, the 30th September, 2011.

SIGNATURE OF THE MEMBER OR PROXY _____

NAME OF MEMBER 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 38th Annual General Meeting of the Company to be held on 30th September, 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011

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 accounts of the Company for the period ended 31st March, 2011 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



NOTICE

NOTICE is hereby given that the Thirty Eighth 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, 30th September, 2011 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date and the Report of Board 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 Madan & Associates, (Formerly known as M/s R.N. Bahl & Co.) Chartered Accountants, the Statutory Auditors, retire and being eligible, offer themselves for re-appointment.

Dated: 26th August, 2011

By Order of the Board

Registered Office:

P.O. Bahadurgarh, __
Distt. Patiala,
Punjab-147021

Kamlesh Gupta
Company Secretary

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 from 26th September, 2011 to 30th September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
3. Members are requested to intimate changes, if any, 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.

Directors' Report

TO THE MEMBERS

The Directors present their Thirty Eighth Report together with Audited Accounts of the Company for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

	(Rs./Lacs)
Profit/(Loss) after charging all expenses before Depreciation	9.35
Deduct: Depreciation	473.22
Profit/(Loss) for the year	(463.87)
Wealth Tax	1.45
Deferred Tax (Liability)	51.37
Transferred to General Reserve	(516.69)

OPERATIONS

During the period under Report, the Company's sales and other income are Rs. 30,900 lacs and cash profit is Rs. 9.35 lacs as compared to last year's figures of Rs. 30,994 lacs and cash loss of Rs. 0.32 lacs respectively. After depreciation, the loss for the year is Rs. 463.87 lacs as compared to the loss of Rs. 488.88 lacs in the previous year.

DIVIDEND

No dividend has been recommended by the Directors.

FIXED DEPOSITS

As on 31.03.2011, there were 20 unclaimed fixed deposits with Company amounting to Rs. 5,38,000/-, out of which 14 fixed deposits amounting to Rs. 3,68,000/- have been renewed/refunded.

CONSOLIDATED ACCOUNTS

In accordance with the general circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Annual Accounts of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company to any member of the company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company. 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:-

- in the preparation of the annual accounts for the financial year ended 31st March, 2011 the applicable accounting standards have been followed;
- 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 and of the losses of the Company for that year;
- 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; and
- the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, 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 2011-2012 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 as an ordinary Director. The Board recommends his re-appointment.

Brief resume of the above Director, nature of his expertise in specific functional areas and name of companies in which he holds 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, Managing Director, has resigned from the Directorship of the Company w.e.f. 1st May, 2011 on the completion of his term as the Managing Director. The Board places on record its sincere appreciation for the useful services rendered by Dr. Umesh N. Saxena during his tenure of services with the Company.

AUDITORS

M/s. Madan & Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting 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
26th August, 2011

Suresh Alipuria
Director

K.K. Kohli
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 31st March, 2011 the Board of Directors of the Company has five Members. None of the Directors are related to each other. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors of the Company is a member of more than ten Committees or Chairman of more than five Committees across all companies in which he is a Director.

During the financial year 2010-11, six Board meetings were held on 14.05.2010, 11.08.2010, 01.11.2010, 03.11.2010, 11.02.2011 and 21.02.2011. Composition of Board of Directors as on 31st March, 2011 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM attended held on 29 th September, 2010	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	6	No	6	Nil	Nil
Mrs. Asha Gadi	Non – Independent	6	No	1	Nil	Nil
Mr. Suresh Alipuria	Non – Executive	6	Yes	5	Nil	Nil
Mr. Amarjeet Kapoor	Independent	6	No	11	Nil	Nil
Mr. Kewal Krishan Kohli	Non – Independent	6	Yes	13	Nil	Nil
	Independent					

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

MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Dr. Umesh N. Saxena, President

Mr. Sudhir Avasthi, Finance Director

Mr. H.M. Sood, Head Moradabad Plant

Mr. Amar Baljeet Singh, Head Patiala Plant

AUDIT COMMITTEE:

The Audit Committee of the Company comprises of three 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 31st March, 2011 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.

Four meetings of the Audit Committee 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
12.05.2010	Yes	Yes	Yes
09.08.2010	Yes	Yes	Yes
02.11.2010	Yes	Yes	Yes
09.02.2011	Yes	Yes	Yes

The Audit Committee Meetings are also attended by Mr. Sudhir Avasthi, Finance Director as a special invitee.

The Chairman of the Audit Committee was present at the last AGM of the Company.

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.

As on 31st March, 2011, the Remuneration Committee comprises of the following three Directors of the Company:

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

During the year under review, no meeting of the Remuneration Committee was held.

DETAILS OF REMUNERATION PAID TO DIRECTORS:

The aggregate value of remuneration and perquisites paid for the financial year ended 31st March, 2011 to Dr. Umesh N. Saxena, Managing Director and Mr. Amarjeet Kapoor, Whole time Director is as follows:

	Dr. Umesh N. Saxena (Rs.)	Mr. Amarjeet Kapoor (Rs.)
Basic Salary	48,00,000	1,80,000
Contribution to Provident Fund	5,76,000	—
Other Benefits & Allowances	25,56,827	—
Total	79,32,827	1,80,000

During the financial year 2010-11, Company has incurred losses u/s 198 read with section 349 of the Companies Act, 1956 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 31st March, 2011 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 2,000
Mr. Suresh Alipuria	Rs. 2,000
Mr. Kewal Krishan Kohli	Rs. 2,000

Details of shareholding of Non-Executive Directors as on 31st March, 2011:

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 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, 2011 is as follows:

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

The Committee held four meetings during the financial year. Attendance at meetings is as follows:

Date of Meetings	Mr. Suresh Alipuria	Mr. Kewal Krishan Kohli	Mrs. Asha Gadi
12.05.2010	Yes	Yes	Yes
09.08.2010	Yes	Yes	Yes
02.11.2010	Yes	Yes	Yes
09.02.2011	Yes	Yes	Yes

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

During the year under review 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
2008	29.08.2008	Registered Office	10.30 a.m.	2
2009	25.08.2009	Registered Office	10.30 a.m.	1
2010	29.09.2010	Registered Office	9.30 a.m.	Nil

No resolution has been passed through Postal Ballot.

DISCLOSURE:

During the financial year 2010-11, the Company has entered upon related party transactions envisaged under the Corporate Governance Code which have been disclosed in Note 18 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 a Code of Conduct for Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect duly signed by Mr. Suresh Alipuria, Director of the Company is annexed. The Code of Conduct has been posted on the website of the Company.

MEANS OF COMMUNICATION:

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 English daily and in a Punjabi daily as 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	: 30th September, 2011, 9.30 a.m.
Venue	: Registered Office
Book Closure Date	: 26th September, 2011 to 30th September, 2011 (both days inclusive)
Dividend	: Nil

Financial Calendar for 2011-2012: (Tentative)

Financial Results for	
First Quarter	: up to mid August, 2011
Second Quarter	: up to mid November, 2011
Third Quarter	: up to mid February, 2012
Fourth Quarter	: up to mid May, 2012

Market Price Data:

High and Low market price during each month in last financial year from April, 2010 to March, 2011 at Bombay Stock Exchange Limited (BSE) is as follows:

Month	High	Low	Month	High	Low
April, 10	265.80	192.00	October, 10	225.95	196.00
May, 10	228.00	188.00	November, 10	211.00	177.00
June, 10	207.80	177.05	December, 10	199.45	162.25
July, 10	287.35	181.00	January, 11	176.30	123.00
August, 10	229.95	188.00	February, 11	148.90	107.25
September, 10	260.85	182.05	March, 11	130.50	100.10

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 shares 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 31st March, 2011

Shareholding of nominal value of Rs.	No. of shareholders	No. of shares held	%age of total shareholding (Rounded off)
1-5000	4251	563910	11.54
5001-10000	188	138618	2.84
10001-20000	83	116589	2.38
20001-30000	10	25279	0.52
30001-40000	12	41868	0.86
40001-50000	2	8616	0.18
50001-100000	1	7000	0.14
100001 and above	16	3984560	81.54
Total	4563	* 4886440	100.00

Shareholding pattern as on 31st March, 2011:

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	2452560	50.19
Mutual Funds	2600	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FIs	202000	04.13
Corporate Bodies	1307641	26.76
Indian Public	917955	18.79
NRIs/OCBs	3184	00.07
Total	*4886440	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 31st March, 2011, 45.12% equity capital was held in dematerialized form and the rest in physical form.

Plant Locations:

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

Moradabad Plant: Village Mugalpur, Urif 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.

Investors' e-mail ID: investor_grievances_redressal@milfoodltd.com, sectl@milfoodltd.com

Unclaimed equity shares:

As per Clause 5A(II) of the Listing Agreement, three reminders have been issued for the unclaimed shares issued in physical form. Share certificates claimed by the shareholders pursuant to these reminders have been dispatched to them after proper verification. The remaining unclaimed shares will be dematerialized and transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

Information on Director seeking re-appointment at this Annual General Meeting:

(Pursuant to Clause 49 of the Listing Agreement)

Mr. Amarjeet Kapoor, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. He was appointed as the Director of the Company w.e.f. 27th March, 2006. He is 50 years old and has vast experience in the field of finance and management. He holds 4216 equity shares of the company in his own name as on 31st March, 2011.

He is not holding the Chairmanship/Membership of any of the Committees in any other public limited company.

He holds the Directorship in the following companies:

Double Durable Investments Ltd.
Quick Return Investment Co. Ltd.
Industrial Containers & Closures Ltd.
Blue Skies Investments Pvt. Ltd.
Palm Beach Investments Pvt. Ltd.
Snowwhite Holdings Pvt. Ltd.
Hybrid Holdings Pvt. Ltd.
County Investments Pvt. Ltd.
Pickwick Holdings Pvt. Ltd.
Aristocrat Mineral Water Pvt. Ltd.
Galaxy Pet Packaging Pvt. Ltd.

Declaration as required under Clause 49 of the Listing Agreement

I, Suresh Alipuria, 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.

(Suresh Alipuria)
Director

New Delhi
26th August, 2011