

# Annual Report

# 2012-13



**UMANG DAIRIES LIMITED**

*Our respectful homage to an extraordinary  
human being, an inspiring leader, remarkable industrialist  
and phenomenal business pioneer.*



**SHRI HARI SHANKAR SINGHANIA**

(20th June 1933 - 22nd February 2013)

PRESIDENT, J.K. ORGANISATION



## A GREAT LEADER & AN ICONIC INDUSTRIALIST

Leading industrialist, philanthropist and President of J.K. Organisation, Shri Hari Shankar Singhania, passed away on 22nd February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, inspite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankarji, who learnt the ropes of business under his illustrious father Late Lala LakshmiPatji Singhania, was

actively involved in J.K. Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankarji was involved in establishing and overseeing the Group's diverse businesses such as Aluminium, Paper, Steel, Insurance, Jute, Paints, Office Equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive Products & Power Transmission Systems, Agri Genetics, Dairy Products, Sugar, Drugs & Pharmaceuticals, Textiles and more. Today, thanks to his leadership, many of



these have emerged as leaders in their respective fields, manufacturing and marketing world class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His un-relenting focus on quality and customer satisfaction, and his belief "When it is good enough, improve it", built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the country. These include the Pushpawati Singhanian Research Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK Lakshmipat University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic development of India, the President of India had conferred him with the prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankar ji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankarji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 1994. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He

also held with distinction, and was the first Indian, to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad – Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing, we have lost not just a leader but an extraordinary human being.

His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.

## THE PHILANTHROPIST

"People are not pulled from the front or pushed from behind...they are driven from within."

Shri Hari Shankarji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centers and Institutes across the country, including Education at Ekal Vidyalayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organised regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment. The Company has adopted several environment friendly practices and has been bestowed with numerous green tech safety and environment management awards.



## **BOARD OF DIRECTORS**

D. B. Doda

R. C. Jain

R. C. Periwal

R. L. Saha

## **CORPORATE OFFICE**

Gulab Bhawan, 3rd Floor  
6A, Bahadur Shah Zafar Marg  
New Delhi - 110 002  
Phone : (011) 30179100  
e-mail : [umang@jkmil.com](mailto:umang@jkmil.com)  
website : [www.umangdairies.com](http://www.umangdairies.com)

## **REGISTERED OFFICE**

Gajraula-Hasanpur Road  
Gajraula - 244 235  
Dist. Jyotiba Phule Nagar  
Uttar Pradesh  
Phone : (05924) 252491 - 2  
E-mail : [udl@umangdairies.com](mailto:udl@umangdairies.com)

## **AUDITORS**

Lodha & Co.  
Chartered Accountants

## **COMPANY SECRETARY**

Gaurav Kumar Kanodia

## **BANKERS**

Axis Bank

## **SHARE TRANSFER AGENT**

MAS Services Ltd.  
T-34, 2nd Floor, Phase - II  
Okhla Industrial Area  
New Delhi – 110 020  
Phone : (011) 26387281/82/83  
e-mail : [mas\\_serv@yahoo.com](mailto:mas_serv@yahoo.com)





## UMANG DAIRIES LIMITED

Admn. Office: Gulab Bhawan (Rear Block – 3rd Floor), 6A, Bahadur Shah Zafar Marg,  
New Delhi – 110 002

### NOTICE

Notice is hereby given that the twentieth Annual General Meeting of the Members of **UMANG DAIRIES LIMITED** will be held at the Registered Office of the Company at Gajraula Hasanpur Road, Gajraula – 244 235, Dist. Jyotiba Phule Nagar, Uttar Pradesh on Saturday, the 3rd August 2013 at 12.30 P.M. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 2013 together with the Reports of the Directors and Auditors thereon.
2. To declare dividends.
3. To appoint a Director in place of Shri R.C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following as Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants (Registration No.301051E), be and are hereby appointed as Auditors of the Company from the conclusion of the 20th Annual General Meeting upto the conclusion of the next Annual General Meeting on a remuneration of Rs. 2,00,000/-, excluding service tax as applicable and reimbursement of travelling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the audit.”

#### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:  
“RESOLVED that pursuant to the provisions of Section 269 and other applicable provisions of the Companies Act, 1956, and subject to requisite approvals, if any, Shri Pramod Kapoor be and is hereby re-appointed as ‘Manager’ of the Company for a period of five years w.e.f. 19.04.2012, on the following terms as to remuneration.

Shri Pramod Kapoor shall not be entitled to any remuneration as Manager of the Company. He shall, however, be entitled to reimbursement from the Company of the expenses actually incurred by him in connection with his duties as Manager of the Company.”

REGISTERED OFFICE:

Gajraula Hasanpur Road

Gajraula - 244235

Dist. Jyotiba Phule Nagar, (U.P.)

By order of the Board

Date : 4<sup>th</sup> May 2013

**Gaurav Kumar Kanodia**  
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 INSTEAD OF HIMSELF. 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 MEETING.**
2. The Register of Members of the Company will remain closed from 25th July 2013 to 3rd August 2013 (both days inclusive).
3. Dividend for the financial year ended 31st March 2013 @ Rs. 0.75 per Equity Share (15%) on 2,20,03,200 fully paid Equity Shares of Rs. 5 each, as recommended by the Board of Directors, if declared at the Annual General Meeting,



will be paid, in respect of shares held in physical form to those members whose names shall be borne on the Register of Members on 3rd August 2013 or to their mandatees and in respect of shares held in dematerialized form, the dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for this purpose.

4. Resume of Shri R.C. Jain proposed for reappointment as Director liable to retire by rotation (Item No. 3).

Shri R.C. Jain is B.Com and L.L.B. and has about 45 years of rich experience in different capacities in the field of Finance and Accounts. He does not hold Directorship of any other Company as per sections 275 and 278 of the Companies Act, 1956 and Membership of Committees of the Board in any other Companies.

Shri R.C. Jain holds 100 equity shares of the Company.

## **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 5

Shri Pramod Kapoor, aged 65 years, is a Chartered Accountant and has over 43 years of experience in various financial areas as Senior Executive/Director of the Companies. The Board of Directors of the Company approved the appointment of Shri Pramod Kapoor as Manager pursuant to the provisions of Section 269 and other applicable provisions of the Companies Act, 1956, w.e.f. 19.04.2012. Shri Pramod Kapoor is also a Director on the Board of JK Pharma Chem Ltd.

Shri Pramod Kapoor shall not be entitled to any remuneration as Manager of the Company. He shall, however, be entitled to reimbursement from the Company of the expenses actually incurred by him in connection with his duties as Manager of the Company.

Shri Pramod Kapoor does not hold any shares in the Company.

None of the Directors of the Company may be deemed to be concerned or interested in the aforesaid Resolution.

The Resolution is recommended for approval of the shareholders as Ordinary Resolution.

### **REGISTERED OFFICE:**

Gajraula - Hasanpur Road

Gajraula - 244235

Dist. Jyotiba Phule Nagar, (U.P.)

By order of the Board

Date: 4<sup>th</sup> May 2013

**Gaurav Kumar Kanodia**  
Company Secretary

**DIRECTORS' REPORT****To the Members**

The Directors have pleasure in presenting the 20th Annual Report and Audited Accounts of the Company for the year ended 31st March 2013.

**FINANCIAL RESULTS**

(Rs. in Lac)

	2012-13	2011-12
Revenue from Operations and Other Income	17,436	15,042
Operating Profit (PBIDT)	1,829	1,574
Profit before Depreciation (PBDT)	1,806	1,551
Profit before Tax	1,617	1,383
Profit after Tax	1,230	1,383
Surplus brought forward	(343)	(1,726)
Total amount available for appropriation	887	(343)
<b>APPROPRIATIONS:</b>		
General Reserve	62	-
Dividend (Incl.Tax)	193	-
Surplus carried to Balance Sheet	632	(343)

**DIRECTORS**

Your Directors express their profound grief and sorrow on the sad demise of Shri Hari Shankar Singhania, President, J.K. Organisation, and Chairman of major J.K. Group Companies, on 22nd February 2013. Shri Singhania, who learnt the ropes of business under his illustrious father late Lala LakshmiPatji, was actively involved with J.K. Organisation since 1951, from the young age of 18 years, and held various positions, before he assumed the Chairmanship of various Companies. Shri Singhania not only took keen interest in the progress of your Company but also in the growth of industrialization and economic development of India for which he received numerous prestigious Indian & International awards and recognitions. Your Directors pay their respectful homage and tribute to this extraordinary human being, a great leader, an iconic industrialist and a leading statesman.

Shri R.C. Jain, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**DIVIDENDS**

In view of better performance during the year, your Directors are pleased to recommend a maiden dividend of 15% on equity shares.

**OPERATIONS**

The Company continues to improve its performance on production, value and volume sales and process cost. Revenue increased by 16% and Profit before Tax by 17% over the previous year.

**Drying Plant:**

The Plant operated uninterruptedly throughout the year and capacity utilization improved to 56.60%, which is considered satisfactory for a seasonal industry like Dairy. By adding certain balancing equipments effective capacity of the Plant has increased to 4.5 lac litres/ day of milk against the nameplate capacity of 3 lac litres/ day.

Towards expanding product portfolio, Company has created, during the year, facilities to make white/ yellow butter. Product will be initially addressed to institutional buyers. Company has also created a facility to make flavoured milk in liquid form. The product is scheduled for launch during early part of 1st quarter of the financial year 2013-14.

Product mix enrichment continued to get increased focus. Reach of its mainstay brands WHITE MAGIK and DAIRY TOP in Dairy Creamers and UMANG in consumer pack Ghee increased by deeper penetration in existing markets as well as entering new geographies. Currently, your Company is selling 6 million sachets per month of its branded Dairy Creamers and is the 3rd largest seller of it in India, after Amul and Nestle.

Cost compression measures continued to get adequate attention during year.

Export ban on Skimmed Milk Powder was lifted by Government of India in June 2012. Your company exported 375 MTs of Skimmed Milk Powder during the year.

The Company continued to maintain its leadership position in Premixes for Tea & Coffee vending machines.

**Liquid Milk Packaging Plant:**

Under a long term agreement, your Company is operating and managing a facility to process and pack Liquid Milk in poly pouches for Mother Dairy. Capacity of the plant was 5 lac litres of milk/day. Effective 1st February 2013, plant capacity has been raised to 6 lac litres of milk/day.





Capacity utilization stood at 101% as compared to 87% in the previous year. Operational efficiencies were maintained at optimum level.

## **Awards :**

During the year, your company received two major awards.

1. Chairman's People Management Award for highest betterment in People management related issues amongst all JK Group Companies.
2. National Quality Award – Champion from Mother Dairy Fruits & Vegetables Pvt. Ltd. for best operated plant amongst a dozen of Mother Dairy co-packers and Mother Dairy owned plants for liquid milk processing & poly pouching.

## **Growth Plans:**

Company aspires to be a significant player in Dairy segment. To achieve this, Company is working on several new products to expand its product portfolio.

Industrial relations remained cordial. HRD continued to get the desired attention. Training programmes – in-house and outside – at different levels of employees were pursued on projected lines.

## **AUDITORS**

M/s Lodha & Co., Chartered Accountants, the Auditors of the Company, retire and are eligible for re-appointment at the ensuing Annual General Meeting. The observations of the Auditors in their report on accounts read with the relevant notes are self-explanatory.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the Accounting Policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit & Loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Annual Accounts have been prepared on a going concern basis.

## **COST AUDIT**

The Cost Compliance Report for the financial year ended 31st March 2012 was filed by the Cost Auditor with the Ministry of Corporate Affairs, Government of India, on 07.01.2013.

The Cost audit for the year ended 31st March 2013 will be conducted by M/s. Sanjay Garg & Associates, Cost Accountants and the reports will be submitted to the Ministry of Corporate Affairs, Government of India.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussions and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of the conditions of Corporate Governance are made a part of this Annual Report.

## **PARTICULARS OF EMPLOYEES**

During the year under review, there were no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## **CONSERVATION OF ENERGY**

Details of energy conservation along with the other information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 are annexed.

## **ACKNOWLEDGEMENTS**

The Directors wish to thank the Customers, Dealers, Vendors, Bankers, Financial Institutions, Government Authorities and Shareholders for their continued support. They also place on record their appreciation of the hard work put in by the employees at all levels during the period under report.

On behalf of the Board

Place : New Delhi  
Date : 4th May 2013

R.C. Periwal  
Director  
(Chairman of this meeting)



## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

### (a) Energy Conservation

Recommendations arising out of the Energy audit of the Plant are being implemented wherever possible.

### (b) Research & Development and Technology Absorption

Activities pertaining to product development were continued.

The Company spent Rs. 2.49 Lac on R&D during the year.

### (c) Foreign Exchange Earnings and Outgo

(Rs.in Lac)

Foreign Exchange earned 595.30

Foreign Exchange used NIL

### (d) Particulars of Conservation of Energy

A. Power & Fuel Consumption	2012-2013	2011-2012
1. <u>Electricity</u>		
a) Purchased Units (Kwh in Lac)	102.15	87.12
Total Amount (Rs./Lac)	576.04	395.02
Rate per Unit (Rs.)	5.64	4.53
b) <u>Own Generation</u>		
Through Diesel Generators		
Units (Kwh in Lac)	13.70	11.44
Total Amount (Rs./Lac)	170.92	128.69
Unit per litre of Diesel Oil	3.30	3.33
Cost / Unit (Rs.)	12.48	11.25
2. <u>Fuel</u>		
a) <u>Paddy Husk</u>		
Quantity (MT)	12998.20	12198.29
Total Amount (Rs./Lac)	390.67	369.38
Rate / Unit (Rs./MT)	3005.58	3028.13
b) <u>Furnace Oil/HSD</u>		
Quantity (MT)	554.37	374.14
Total Amount (Rs./Lac)	237.28	141.14
Rate / Unit (Rs./MT)	42801.74	37723.85

### B. Consumption per Unit of production

\* (Units per thousand Kg. of milk processed).

	DP#	LMP~	Overall 2012-13	Overall 2011-12
Electricity (Kwh)	100.54	33.51	50.30	52.05
<u>Fuel</u>				
Paddy Husk (Kg.)	135.36	30.05	56.44	64.42
Furnace Oil/HSD (Kg.)	9.60	0.00	2.41	1.98

\* All Milk Powders and Pure Ghee have common manufacturing process and it is not possible to give separate consumption of Electricity and Steam for these products. Therefore, consumption of Electricity and Fuel has been given per thousand Kg. of Milk processed.

# Drying Plant

~ Liquid Milk Plant



# UMANG DAIRIES LIMITED

## MANAGEMENT DISCUSSIONS AND ANALYSIS DAIRY INDUSTRY IN INDIA

Dairy industry in India continues to get priority attention of business and investors. Demand for milk and milk products is estimated to have grown by about 6% during the year. Opposite this, milk production increased by about 4%. This gap between demand and supply is continuing for last 3-4 years and is likely to follow this pattern in coming years.

To meet the projected demand of milk, Government of India has already launched National Dairy Plan. A total of over Rupees 17 thousand crores is planned to be spent in next 10-12 years. This project aims to increase the productivity of milch animals by improving the breed and quality of fodder. Anticipated demand of milk is projected to be 150 million tonne by 2016-17 and 200 – 210 million tonne by 2021-22.

## SOME KEY FACTS ABOUT INDIAN DAIRY INDUSTRY

- **India, largest producer of milk in world**
- **2011-12      2012-13 (estimated)**
- Production in million tons      127.3      133.7
- **Exports of Skimmed Milk Powder in 2012-13 - 60000 Mts**
- **India accounts for 17% of World's total dairy production**
- **Strong Demand Growth – 6 to 8% - approximately, twice the growth rate of supply**
- **Milching polulation**

	Buffalo	Cow
	55%	45%

## GROWTH OUTLOOK

Demand for Dairy products is expected to grow at 6 to 7% YOY. Many overseas dairy majors have already put up facilities in India to manufacture value added products. More are in the process of evaluation. This is likely to expose Indian consumers to a number of value added and newer products. With changing life style of Indian families, consumer preference is likely to be for long shelf life products. With increased awareness for hygiene and nutrition, packaged milk will progressively continue to replace loose milk.

## RISKS & CONCERNS

Due to increasing pressure on the land resources for cultivation of food crop, the area under fodder cultivation is unlikely to go up. It is, therefore, very essential that high yield fodder crop techniques are used to get larger quantity of fodder grown on per unit of land. Due to fodder constraint, increasing number of milch animals is an unviable proposition. Farmers have to be motivated and educated to have more of high yield milch animals. This seems to be the only way to cope with increased milk demand. Unhygienic and primitive facilities at breeding, rearing and milching stage need significant improvement. Hopefully, this area would be addressed by NDDB under National Dairy Plan.

## ADULTERATION & FOOD SAFETY

Most important aspect of milk processing is its purity and wholesomeness. Newspapers are full with reports of

adulteration in milk and milk products. Government of India has fortified the present Legislation by a more robust Food Safety Act which has become operative from December 2012. Hopefully, this will help in reducing the menace of adulteration.

## ABOUT US

### CAPACITY UTILIZATION

Capacity utilization in Drying Plant improved from 55% in 2011-12 to 56.60% in 2012-13. Under Contract-Manufacturing arrangements, Capacity Utilization in Liquid Milk Plant increased from 87% in 2011-12 to 101% in 2012-13.

### MARKETING

The Company continued to market its popular brands WHITE MAGIK, DAIRY TOP and MILK STAR dairy creamers in consumer packs. Geographical reach for these products has increased during the year. Steps have been taken to improve it further. Single serve sachet of White Magik dairy creamer is supplied regularly to Air India and Indian Railways as a part of Tea and Coffee kit.

Marketing Department has been strengthened to have strategic alliance with large Institutional Buyers and increase our footprints in the global market for export of Skimmed Milk Powder and Ghee.



*Shop Display at Siliguri.*



*White Magik Banner displayed at the Annual North East Soccer Tournament at Kohima.*

## EXPANSION PLANS

Company is in expansion mode and aspires to become a significant player in Dairy Industry. It is launching Flavoured



Milk in NCR (Delhi, Gurgaon, Ghaziabad, and Faridabad) in the early 1st quarter of FY 2013-14. Later on, it will market Flavoured Milk pan India. Company is working on some other new products - decision to launch some of it will be taken at appropriate time.

Towards expanding product portfolio, Company has created facilities to make white/ yellow butter. Product will be initially addressed to institutional buyers.

Company is also examining acquisition possibilities.

## RAW MATERIAL SECURITY

The Company's plant is located in the milk surplus area of western Uttar Pradesh. Over the years, the Company has built up a Village Level Collection (VLC) network including Chilling Centres and collects milk from over 300 villages comprising about 12000 farmers twice a day. The milk so collected is not only of better quality but is also cheaper as compared to the milk purchased from the Contractors. This gives the Company an edge over many other players in the industry. Necessary steps are being taken by the Company to maintain the level of milk procurement through the VLC network despite increasing competition in the milk shed area.

## HUMAN RESOURCE DEVELOPMENT

The Company recognizes the contribution and importance of its employees in today's highly competitive environment and has been systematically developing their skills and empowering its employees. People are encouraged to take on new roles and expand their horizons. Training needs at different levels are identified through Performance Appraisal System and need based training programmes are regularly organized for all levels of employees. In order to encourage leadership and problem solving qualities among workmen, the Company has helped establish Quality Circles. A number of job rotations are done to enhance employees' skills as well as to enrich their work experience.



*Chairman's People Management Award*

## SOCIAL OBLIGATIONS

As a responsible Corporate Citizen, Company has taken several initiatives on Corporate Social Responsibility such as :-

1. Women literacy programme
2. Tree plantation
3. Creating awareness for water conservation
4. Free health check-up camps for employees and milk farmers
5. Ek Kadam – Sahayta Ka
6. Scholarship Scheme for employees' children
7. Vaccination

Plans are afoot to increase focus on CSR.



*Health Check up camp*

## INTERNAL CONTROL SYSTEMS

There is adequate internal control system in place. The Company has appointed an external firm of Chartered Accountants to carry out the internal audits of the Plant. Their audit reports along with the action taken reports are reviewed by the Audit Committee of the Directors.

## CAUTIONARY STATEMENT

Management Discussion and Analysis Report contains forward looking statements which may be identified by the use of words in that direction or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements.

These are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise such forward looking statements, on the basis of any subsequent development information or events.



## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy on Code of Governance:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are :-

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and remaining committed to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

### 2. Board of Directors:

- (i) The Board of Directors presently consists of four Non-Executive Directors of which two are Independent Directors. Other details are as given hereunder:

At present the Directors of the Company have not elected any permanent Chairman but the Directors present at each meeting elect one of the non-executive Directors then present to be the Chairman of the meeting. However, the Company complies with requirement of Clause 49(I) of the Listing Agreement, as two out of the four Directors are independent.

Shri Pramod Kapoor is the Manager of the Company u/s 269 of the Companies Act, 1956.

#### (ii) Date & Number of Board Meetings held:-

During the year 2012-2013, five Board Meetings were held on 5th May 2012, 31st July 2012, 27th August 2012, 3rd November 2012 and 11th February 2013.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non – compliances, if any.

- (iii) The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Directors). In terms of the Clause 49 of the Listing Agreement and contemporary practices of good corporate governance, the Board has laid down a

Director	Category	No. of Board Meetings attended during 2012-13	Whether attended last A.G.M. (27.08.2012)	No. of other Directorships and Committee Memberships/ Chairmanships		
				Other Directorships*	Other Committee Memberships **	Other Committee Chairmanships **
Shri R. C. Periwal	Non-Executive Non-Independent	5	Yes	-	-	-
Shri R.C. Jain	Non-Executive Independent	5	Yes	-	-	-
Shri R.L. Saha	Non-Executive Independent	5	Yes	-	-	-
Shri D. B. Doda	Non- Executive Non-Independent	5	Yes	-	-	-

\* excludes Directorships in Private Ltd Companies, Foreign Companies, memberships of Managing Committees of various Chambers/bodies /Section 25 Companies.

\*\* only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.





code of conduct for all Board Members and Senior Management of the Company and the same is available on the website ([www.umangdairies.com](http://www.umangdairies.com)). All the Board Members and Senior Management Personnel have affirmed compliance with the code. This report contains a declaration to this effect signed by Director.

- 3. Audit Committee:** Terms of Reference of the Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement with the Stock Exchange and Section 292A of the Companies Act, 1956.

The Committee presently consists of Shri R.C. Jain (Chairman), Shri R.L. Saha and Shri R.C. Periwal, as members. The Composition of the Committee is in conformity with Clause 49 II (A) of the Listing Agreement. Four meetings of the Audit Committee were held during the year 2012-2013 as detailed hereunder:

Dates of meetings	No. of members attended
5th May 2012	3
31st July 2012	3
3rd November 2012	3
11th February 2013	3

The Manager regularly attends the Committee meeting and Company Secretary acts as Secretary of the Committee. All the Committee meetings were attended by the Statutory Auditor.

- 4. Remuneration Paid to the Directors:** Details of remuneration paid during the year 2012-2013:

The Non - Executive Directors were paid sitting fees of Rs.2,500/- (Rs. 5,000/- w.e.f. 11.02.2013) for each meeting of the Board and Rs.1,000/- (Rs. 2,500/- w.e.f. 11.02.2013) for each meeting of Audit Committee and Shareholders/ Investors Grievance Committee of the Directors attended by them and the company has paid Rs.93,000/- towards sitting fees to them during the year 2012-2013.

Non-Executive Directors did not have any other material pecuniary relationship or transaction vis-a-vis the Company during the year.

Number of Equity Shares held by Non-Executive Directors: Shri R.C.Periwal (4771 Equity Shares), Shri D.B. Doda (50 Equity Shares) and Shri R.C. Jain (100 Equity Shares)

- 5. Shareholders/ Investors Grievance Committee:**

The Committee presently consists of three Directors, namely Shri R.C. Periwal (Chairman), Shri R.C. Jain and Shri R.L. Saha. The Composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. Four meetings of the said

Committee were held during the year 2012-2013 as detailed hereunder:

Dates of meetings	No. of members attended
5th May 2012	3
31st July 2012	3
3rd November 2012	3
11th February 2013	3

Mr. Gaurav Kumar Kanodia, Company Secretary, is the Compliance Officer.

During the year ended 31st March 2013, 16 complaints were received, all of which were redressed to the satisfaction of the shareholders. The Board has delegated the power of share transfer to a committee of Directors and the share transfer formalities are attended to as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares.

- 6. General Body Meetings:**

- (i) Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2009-2010	Gajraula Hasanpur Road, Gajraula - 244235, Dist. Jyotiba Phule Nagar, (U.P.).	31.08.2010	12.00 Noon
2010-2011	Same as above	05.09.2011	12.00 Noon
2011-2012	Same as above	27.08.2012	12.30 P.M.

- (ii) No Special Resolutions were required to be put through postal ballot last year. No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

- (iii) No Special Resolutions were passed in previous 3 Annual General Meetings.

- 7. Disclosures:** Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

None

Suitable disclosure as required by Accounting Standard (AS-18) on Related Party Disclosures, has been made in the Annual Report.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by





# UMANG DAIRIES LIMITED

Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three years.

None

The Company has a risk management system and has laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

8. **Means of Communication:** Quarterly and annual financial results are normally published in English Newspaper "Business Standard" all India editions and Business Standard, Lucknow Edition in Hindi and are promptly furnished to the Stock Exchange for display on its website. The results are also displayed on the web-site of the company "www.umangdairies.com".

"Management Discussion & Analysis" forms part of the Annual Report.

## 9. General Shareholders' Information:

### (i) Annual General Meeting:

- (a) Date and Time : Saturday, 3<sup>rd</sup> August 2013  
At 12.30 P.M.

Venue: Gajraula Hasanpur Road,  
Gajraula-244 235, Dist. Jyotiba Phule  
Nagar, Uttar Pradesh.

- (b) As required under clause 49IV(G), a brief resume and other particulars of the Director retiring by rotation at the aforesaid AGM and seeking re-appointment are given in the notes to the Notice convening the said Meeting.

- (ii) **Book Closure:** 25th July 2013 to 3rd August 2013 (both days inclusive)

- (iii) **Dividend Payment Date:** 23rd August 2013 to 2nd September 2013.

### (iv) Financial Calendar (Tentative):

Year ending	March 31
Annual General Meeting	Between June and
for the year ending	September, 2014
March 31, 2014	

### (v) Listing of Equity Shares (Including Security Code):

The Equity Shares of the Company are listed on BSE Limited.

The Company had already paid Listing Fees for the year 2013-2014 to BSE Limited.

Security Code for Company's Equity shares on BSE Limited (500231).

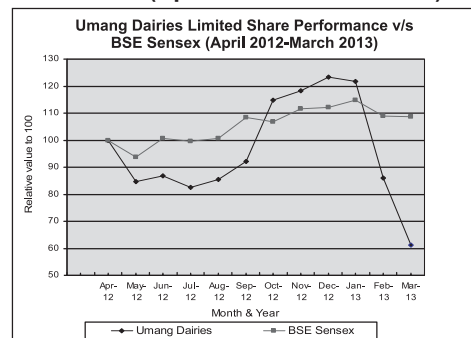
## (vi) Stock Market Price Data and Share Performance:

Monthly high and low quotations at BSE during 2012-2013 are given in the table below:

Month	BSE Limited (Rs.)		BSE Sensex (Rs.)
	High	Low	Close
<b>2012</b>			
April	55.55	37.85	17318.81
May	54.85	41.70	16218.53
June	46.70	38.65	17429.98
July	50.20	41.50	17236.18
August	51.40	39.20	17429.56
September	48.00	42.50	18762.74
October	68.80	45.05	18505.38
November	63.60	51.90	19339.90
December	69.90	58.45	19426.71
<b>2013</b>			
January	66.00	53.70	19894.98
February	62.70	42.20	18861.54
March	48.70	30.00	18835.77

(Source: www.bseindia.com)

## (vii) Umang Dairies Ltd.'s Share Performance vs. BSE Sensex (April 2012 to March 2013)



## (viii) Share Transfer System:

The transfer / transmission of shares in physical form is normally processed and completed within a period of 10 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

## (ix) Distribution of shareholding as on March 31, 2013:

No. of Equity shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 1000	18,335	98.56	29,50,099	13.41
1001 to 10000	207	1.11	8,67,287	3.94
Over 10000	61	0.33	1,81,85,814	82.65
<b>Total</b>	<b>18,603</b>	<b>100.00</b>	<b>2,20,03,200</b>	<b>100.00</b>



# UMANG DAIRIES LIMITED

(x) **Dematerialisation of shares and liquidity:**

The Equity Shares of the Company are presently tradeable in compulsory demat segment. The ISIN No. for Equity Shares of the Company for both the depositories is INE864B01027. As on 31st March 2013, 93.12% of the Company's Equity Share Capital was in dematerialised form.

In respect of Shares held in electronic form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

(xi) **Outstanding GDRs / ADRs / Warrants or any other Convertible Instrument, conversion date and likely impact on equity:**

There are no outstanding GDRs/ ADRs/ Warrants or any other Convertible Instruments. As such there will be no impact on the equity.

(xii) **Plant Location:**

**Umang Dairies Limited**

Gajraula Hasanpur Road, Gajraula – 244 235,

Dist. Jyotiba Phule Nagar, Uttar Pradesh.

(xiii) **Address for Correspondence:**

**1. Registrar & Share Transfer Agents:**

MAS Services Ltd.

T-34, IInd Floor,

Okhla Industrial Area,

Phase – II,

New Delhi – 110 020

Ph. 011-26387281/82

E-mail: mas\_serv@yahoo.com

**2. Company Secretary**

Umang Dairies Limited.

Gulab Bhawan (Rear Block – 3rd Floor)

6A, Bahadur Shah Zafar Marg,

New Delhi – 110 002

Ph. 011-30179776

Fax No. 91-11-23739475

E-mail: csudl@jkmall.com

(xiv) **Exclusive e-mail ID for redressal of investors complaints:**

In compliance of Clause 47(f) of the Listing Agreement, “[sharesumang@jkmall.com](mailto:sharesumang@jkmall.com)” is the e-mail ID exclusively for the purpose of registering complaints by investors.

**10. Declaration:**

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the “Code of Conduct for Members of the Board and Senior Management of Umang Dairies Limited” during the Financial Year ended 31st March 2013.

R.C. Periwal

Director

**11. Code for Prevention of Insider Trading:**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company has adopted a Code of Conduct for Prevention of Insider Trading in the securities of the Company by its employees in terms of Schedule I to the said Regulations.

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

To

The Members of Umang Dairies Limited

We have examined the compliance of conditions of Corporate Governance by Umang Dairies Limited for the year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with, in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For LODHA & CO.,  
Chartered Accountants  
Firm Registration No. 301051E  
N. K. Lodha  
Partner  
Membership No. 85155

Place : New Delhi  
Date: 4th May 2013



## INDEPENDENT AUDITORS'REPORT

### To the Members of UMANG DAIRIES LIMITED

#### 1. Report on the financial statements

We have audited the accompanying financial statements of **UMANG DAIRIES LTD.**, which comprise the balance sheet as at 31st March 2013, and the statement of the profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### 2. Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and the fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

#### 3. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountant of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

#### 4. Emphasis of Matter

Attention is drawn to note no. 2.34 regarding balances of debtors, cans (fixed assets) lying with the third parties and current liabilities (including advances from customers) and secured loans as stated in the said note are in the process of confirmation/reconciliation.

#### Opinion

In our opinion and best to our information and according to the explanations given to us, the financial statements read together with notes thereon give the information required by Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the balance sheet, of the state of the affairs of the company as at 31st March 2013,
- In case of the statement of the profit and loss, of the profit for the year ended on that date, and
- In case of the cash flow statement, of the cash flows for the year ended on that date.

#### Report on other legal and the regulatory requirements:

- As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give the Annexure a statement on the, manners specified in the paragraphs 4 and 5 of the order.
- As required by section 227(3) of the Act, we report that:
  - We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
  - The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account.
  - In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
  - On the basis of the written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2013 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For LODHA & CO.  
Chartered Accountants

N. K. Lodha  
Partner

(Membership No. 85155)  
Firm Registration No. 301051E

Place : New Delhi  
Date : 4th May 2013



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date of Umang Dairies Limited for the year ended 31st March 2013)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except in case of certain assets the same is in process of updation of records.
- (b) As explained to us, the fixed assets have been physically verified by the Management according to a phased programme designed to cover all the items over a period of three years (except assets lying with third parties read with Note No. 2.34) which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies noticed on such physical verification were not material.
- (c) As per the records and information and explanations given to us, Fixed Assets disposed off during the year were not substantial.
- ii. (a) The inventory of the company (except stocks lying with third parties and in transit), has been physically verified by the Management at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. (In respect of stock in process records are updated on physical verification of stock on periodical basis). The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- iii. The company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties as covered in the register maintained u/s 301 of the Act. Accordingly, the provisions of clause 4(iii) (b) to (d), (f) & (g) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased / sold / services rendered are of special nature and suitable alternative sources do not exist for obtaining comparable quotation or where user department has shown specific preference, where, as explained, rates were determined considering the quality, volume, nature of the items and market conditions prevailing at that time, there are internal control system commensurate with size of the company and nature of its business with regard to the purchase of inventory, fixed assets, services and for the sale of goods/ fixed assets and services where steps have been initiated to strengthen system further (read with note no. 2.34). Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system nor been identified by the management.
- v. According to the information and explanations provided by the management and based upon audit procedures performed, there are no contracts or arrangements that need to be entered in the register required to be maintained under Section 301 of the Act. Accordingly provisions of clause 4(v)(b) of the order are not applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA and rules framed there under and the directives issued by Reserve Bank of India and other relevant provision of the Act. We have been informed that no order has been passed by the Company Law Board or National Company law Tribunal or the Reserve bank of India or any Court or any other Tribunal in this regard.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- viii. We have broadly reviewed the books of accounts required to be maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of the Company's product to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- ix. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor



Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess and other material Statutory dues to the extent applicable with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2013 except Sales Tax of Rs. 2,33,677/- and Mandi tax Rs.6,23,000/-.

- (b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Service Tax, Custom Duty, Wealth Tax and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of Sales Tax and Cess that have not been deposited with the appropriate authorities on account of dispute and the Forum where the dispute is pending are given below:

Name of Statute	Nature of the dues	Amount (Rs. in Lac)	Period	Forum where dispute is pending
Sales Tax Act	Sales Tax Demand /Penalty/Interest	1.78	1994-1995/ 1998-2000	Sales Tax Tribunal
		41.80	1995-2007	Appellate Authorities
		3.00	1995-1996	High Court
UP Krishi Utpadan Mandi Samiti Adhiniyam'1964	Market Fees including Development Cess	162.89	1998-1999/ 2005-2006	Tribunal
UP Milk Act	Cess on Milk	69.25	1994-1996	High Court

- x. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi. In our opinion, on the basis of audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in re-payment of dues to Banks or Financial Institutions or Debenture Holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society, therefore, the provision of clause 4 (xiii) of the said order are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. On the basis of information and explanations given to us, the Company has not availed any term loans during the year.
- xvii. On the basis of information and explanations given to us and on an overall examination of financial statements, we are of the opinion that, *prima facie*, no funds raised on short term basis have been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Act during the year.
- xix. Based on the examination of the documents and records made available and information and explanations given to us, the Company has not issued any debentures during the year and there is no outstanding debenture as at the close of the year.
- xx. The Company has not raised money through public issue during the year. Therefore, the provisions of clause 4 (xx) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- xxi. Based on the audit procedures performed and on the basis of information and explanations provided by the management, no fraud on or by the Company has been noticed or reported during the course of our audit nor we have been informed by the management about any such instance.

For LODHA & CO.  
Chartered Accountants  
N. K. Lodha  
Partner

(Membership No. 85155)  
Firm Registration No. - 301051E

Date : 4th May 2013  
Place : New Delhi





## BALANCE SHEET

As at 31st March, 2013

(Rs. in Lac)

Particulars		Note No.	Figures as at the end of current reporting period (31.03.2013)	Figures as at the end of previous reporting period (31.03.2012)
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share capital	2.1		1,459.16	1,459.16
(b) Reserves and surplus	2.2		693.86	(342.92)
			2,153.02	1,116.24
<b>2 Non-current liabilities</b>				
(a) Long-term borrowings	2.3		200.00	413.72
(b) Deferred tax liabilities (Net)			202.34	-
(c) Other Long term liabilities	2.4		1,153.01	1,083.28
(d) Long-term provisions	2.5		77.57	64.42
			1,632.92	1,561.42
<b>3 Current liabilities</b>				
(a) Short-term borrowings	2.6		514.79	289.54
(b) Trade payables			523.98	272.09
(c) Other current liabilities	2.7		844.74	1,190.06
(d) Short-term provisions	2.5		529.22	7.76
			2,412.73	1,759.45
<b>TOTAL</b>			6,198.67	4,437.11
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>1</b>				
(a) Fixed assets	2.8			
(i) Tangible assets			2,326.73	1,932.67
(ii) Intangible assets			3.82	4.70
(iii) Capital work-in-progress			197.57	25.22
(b) Long-term loans and advances	2.9		65.99	67.32
(c) Other non current assets	2.10		1.00	1.00
			2,595.11	2,030.91
<b>2 Current assets</b>				
(a) Inventories	2.11		2,537.54	1,432.52
(b) Trade receivables	2.12		449.67	418.18
(c) Cash and cash equivalents	2.13		61.26	440.31
(d) Short-term loans and advances	2.14		555.09	115.19
			3,603.56	2,406.20
<b>TOTAL</b>			6,198.67	4,437.11

Significant Accounting Policies & Notes on Accounts 1&2 attached to the Balance Sheet are an integral part thereof.  
As per our report of even date.

for LODHA & CO.

Chartered Accountants

N.K. Lodha  
Partner  
(Membership No. 85155)  
Firm Registration No. – 301051E  
New Delhi : 4th May 2013

Manager

Company Secretary

D.B. Doda  
R. C. Jain  
R. C. Periwal  
R. L. Saha

Directors





## PROFIT AND LOSS STATEMENT for the Year ended 31.03.2013

(Rs. in Lac)

Particulars		Note No.	Figures for the current reporting period ending 31.03.2013	Figures for the previous reporting period ending 31.03.2012
I.	Revenue from operations	2.15	17,380.22	15,021.72
II.	Other income	2.16	55.30	20.11
III.	<b>Total Revenue</b>		<b>17,435.52</b>	<b>15,041.83</b>
IV.	<b>Expenses:</b>			
	Cost of materials consumed	2.17	13,434.11	11,226.57
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.18	(1,049.39)	(156.32)
	Employee benefits expense	2.19	644.27	507.19
	Finance costs	2.20	22.81	23.47
	Depreciation and amortization expense	2.8	188.72	167.71
	Other expenses	2.21	2,577.72	1,890.19
	<b>Total expenses</b>		<b>15,818.24</b>	<b>13,658.81</b>
V.	<b>Profit before tax</b>		<b>1,617.28</b>	<b>1,383.02</b>
VI.	<b>Tax expense:</b>			
	(1) Current Tax (MAT)		324.21	-
	Less: MAT credit entitlements		(139.12)	-
	Net Current Tax		185.09	-
	(2) Deferred Tax		202.34	-
VII.	<b>Profit (Loss) for the period</b>		<b>1,229.85</b>	<b>1,383.02</b>
VIII.	<b>Earnings per equity share:</b>	2.22		
	(1) Basic		5.59	6.29
	(2) Diluted		5.59	6.29

Significant Accounting Policies & Notes on Accounts 1&2 attached to the Profit and Loss Statement are an integral part thereof.

As per our report of even date.

for LODHA & CO.  
Chartered Accountants

N.K. Lodha  
Partner  
(Membership No. 85155)  
Firm Registration No. – 301051E  
New Delhi : 4th May 2013

Manager

Company Secretary

D.B. Doda  
R. C. Jain  
R. C. Periwal  
R. L. Saha

Directors



## Significant Accounting Policies and Notes to Accounts for the year ended 31st March'2013

### 1 Significant Accounting Policies

- 1.1 The financial statements have been prepared under historical cost convention on accrual basis in compliance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the companies Act, 1956. Accounting Policies are consistent with the Generally Accepted Accounting Principles.
- 1.2 Fixed Assets are stated at cost of acquisition/purchase.
- 1.3 Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.
- 1.4 Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plants as defined in Schedule XIV have been considered on the basis of technical evaluation.
- 1.5 Foreign Currency transactions are recorded at the rate of exchange prevailing on the date of transactions. Assets and Liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. Increase / decrease arising in respect thereof are adjusted in the Profit and Loss Statement. Premium/discount in respect of forward contracts is recognized over the life of the Contracts.
- 1.6 Inventories are valued at lower of cost and net realisable value. The cost is computed on weighted average basis. Cost for the purpose of Finished Goods and Process Stock is determined considering material, labour and related overheads.
- 1.7 Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Statement.
- 1.8 Revenue Expenditure on Research and Development is charged to Profit & Loss Statement and Capital Expenditure is added to cost of Fixed Assets.
- 1.9 Employee Benefits
  - (i) Defined Contribution Plan :

Employee benefits in the form of Provident Fund, ESI are considered as defined contribution plan and the contributions are recognized in the Profit and Loss Statement of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective authorities.
  - (ii) Defined Benefit Plan:

Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of actuarial valuation determined using the projected unit credit method, as at the date of the balance sheet. Actuarial gains/losses are immediately recognized in the Profit and Loss Statement.
  - (iii) Short-term compensated absences are provided based on past experience of leave availed.
- 1.10 An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the profit and loss Statement when an asset is identified as impaired. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exists or has decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.
- 1.11 Provision in respect of present obligation arising out of past events is made in Accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of Notes to Accounts.
- 1.12 Current Tax is the amount of Tax payable on the estimated taxable income for the current year as per the Provision of Income Tax Act, 1961. Deferred Tax Assets and liabilities are recognised for timing differences in respect of current year and prospective years. Deferred Tax Asset is recognised on the basis of reasonable/virtual certainty that sufficient future taxable income will be available against which the same can be realised.



## 2.1 SHARE CAPITAL

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>Authorised</b>		
3,00,00,000 (P.Y.- 3,00,00,000) Equity Shares of Rs. 5 each	1,500.00	1,500.00
6,00,000 (P.Y.- 6,00,000) Redeemable Preference shares of Rs. 100 each	600.00	600.00
	2,100.00	2,100.00
<b>Issued,Subscribed and Paid-up</b>		
2,20,03,200 (P.Y.- 2,20,03,200) Equity Shares of Rs. 5 each	1,100.16	1,100.16
3,59,000 (P.Y.- 3,59,000) Zero coupon Redeemable Preference shares of Rs. 100 each	359.00	359.00
<b>Total</b>	1,459.16	1,459.16

### Notes:-

#### (i) Equity Shares :-

- (a) The company has only one class of equity shares having Par value of Rs. 5 per share. Each Shareholder of Equity Share is entitled to one vote per share and also has equal right (after as stated in para (ii) below) in distribution of profit/surplus in proportion to the equity share held by shareholder.

#### (ii) Preference Shares :-

Pursuant to BIFR Order, 2,08,000 Preference Shares are redeemable on 20.10.2016 and 1,51,000 Preference Shares are redeemable on 30.06.2018. Each shareholder of preference shares is entitled to have a right to vote only on resolutions placed before the company which directly affect the rights attached to his/her preference shares and in proportion as paid up preference share capital bears to the total paid up capital.

### Reconciliation of the number of shares outstanding

Particulars	31.03.2013		31.03.2012	
	No.of Equity Shares	No.of Preference Shares	No.of Equity Shares	No.of Preference Shares
Shares outstanding at the beginning of the year	2,20,03,200	3,59,000	2,20,03,200	3,59,000
Shares Issued during the year	-	-	-	-
Shares bought back/redeemed during the year	-	-	-	-
Shares outstanding at the end of the year	2,20,03,200	3,59,000	2,20,03,200	3,59,000

### Details of Equity Shareholders holding more than 5% of equity shares

Name of Shareholder	No. of Shares held	
	As at 31 March 2013	As at 31 March 2012
Accurate finman Services Ltd.	26,25,000	26,25,000
Bengal & Assam Company Ltd.	99,22,965	99,22,965
Juggilal Kamlatpat Udyog Ltd.	27,00,000	27,00,000
JK Agri Genetics Ltd.	11,94,965	11,94,965



## Details of Preference Shareholders holding more than 5% of preference shares

Name of Shareholder	No. of Shares held	
	As at 31 March 2013	As at 31 March 2012
T.K.Ruby & Co.	40,000	40,000
Hero Paper Stores	50,000	50,000
Usha Fertiliser Co.Ltd.	23,000	23,000
Vijay Narain Bhargava	45,000	45,000
Hero Multi-Pap Pvt.Ltd.	40,000	40,000
Samji Raishi Karia	76,000	76,000
Hemlata Dhiraj Karia/Dhiraj D.Karia	80,000	80,000

## 2.2 RESERVES AND SURPLUS

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>General Reserve</b>		
Opening Balance	-	-
Add: Transferred from Surplus	62.00	-
Closing Balance	62.00	-
<b>Surplus/(Deficit)</b>		
Opening balance	(342.92)	(1,725.94)
Net Profit/(Net Loss) as per the profit & Loss Statement	1,229.85	1,383.02
<b>Amount available for appropriation</b>	886.93	(342.92)
<b>Appropriations:-</b>		
Transferred to General Reserve	62.00	-
Proposed Dividend	165.02	-
Corporate Dividend tax	28.05	-
Closing Balance	631.86	-
	693.86	(342.92)

**Note :** Dividend proposed @ Rs.0.75/- per Equity Share

## 2.3 LONG TERM BORROWINGS

Particulars	NON CURRENT		CURRENT MATURITIES	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac	Rs. in lac	Rs. in lac
<b>Secured</b>				
<b>Term loans</b>				
-from other parties	200.00	413.72	140.00	335.00
Less: Amount disclosed under the head Current Liabilities [Note No. 2.7]	-	-	(140.00)	(335.00)
<b>Total</b>	200.00	413.72	-	-

- (a) Loan of Rs.300 Lac (Previous year Rs.595 lac) from a body corporate is Secured by a first charge on the moveable properties of the Company both present and future subject to prior charges created and/or to be created in favour of the Company's Bankers on the specified assets. Rs.100 lac is payable on 1st Oct.2013 and balance in two equal yearly installments of Rs.100 lac each.
- (b) Loan of Rs. 40 lac (Previous year Rs.40 lac) from a body corporate is secured by a first charge ranking pari passu on the moveable properties of the Company situated at Gajraula is payable on demand.
- (c) Housing loan of Rs.113.72 Lac in previous year was secured by way of mortgage on specified dwelling units and land.

## 2.4 OTHER LONG-TERM LIABILITIES

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
Security Deposits	189.09	119.36
Others (Note no. 2.32)	963.92	963.92
<b>Total</b>	1,153.01	1,083.28



## 2.5 PROVISIONS

Particulars	LONG-TERM		SHORT-TERM	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac	Rs. in lac	Rs. in lac
<b>PROVISION FOR EMPLOYEE BENEFITS</b>				
Gratuity (unfunded)	47.18	37.51	3.10	0.69
Leave Encashment (unfunded)	30.39	26.91	2.61	0.84
<b>PROVISION FOR DIVIDEND</b>				
Provision for Proposed Dividend	-	-	165.02	-
Provision for Dividend Tax	-	-	28.05	-
<b>PROVISION FOR TAX</b>	-	-	324.21	-
<b>OTHERS</b>				
Other Provision	-	-	6.23	6.23
<b>Total</b>	<b>77.57</b>	<b>64.42</b>	<b>529.22</b>	<b>7.76</b>

## 2.6 SHORT-TERM BORROWINGS

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>Secured</b>		
Bank Overdraft	-	112.87
(C.Y.-Nil & P.Y. -Secured by pledge of fixed deposit with banks-Note no.2.13)		
Working Capital Borrowing from Bank *	444.43	-
<b>Unsecured</b>		
Inter Corporate Deposits	-	50.00
Security deposits	70.36	126.67
<b>Total</b>	<b>514.79</b>	<b>289.54</b>

\*Working Capital Borrowing from Bank are secured by first exclusive charge over entire current assets of the Company both present and future and the equitable mortgage over the factory land and building in the name of the Company situated at Gajraula, Dist. Jyotiba Phule Nagar, in the State of Uttar Pradesh.

## 2.7 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
(a) Current maturities of long-term debt	140.00	335.00
(b) Advance from customers	504.11	706.11
(c) Statutory Dues	14.63	10.78
(d) Salary & wages payable	43.10	26.29
(e) Others Payables	142.90	111.88
<b>Total</b>	<b>844.74</b>	<b>1,190.06</b>

## 2.8 FIXED ASSETS

(Rs. in Lac)

	Particulars	Gross Carrying Amount				Depreciation and amortization				Net Carrying Amount	
		As at April 1, 2012	Additions/ Adjustments during the period	Sales/ Adjustments during the period	As at March 31, 2013	As at April 1, 2012	For the period	Sales/ Adjustment during the period	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
a.	<b><u>Tangible Assets</u></b>										
	Land	35.83	-	-	35.83	-	-	-	-	35.83	35.83
	Buildings	1,739.87	46.34	-	1,786.21	430.83	53.17	-	484.00	1,302.21	1,309.04
	Plant and Equipment	2,278.72	519.90	18.35	2,780.27	1,730.63	128.70	14.56	1,844.77	935.50	548.09
	Furniture and Fixtures	40.88	1.28	0.10	42.06	37.30	0.64	0.03	37.91	4.15	3.58
	Vehicles	30.70	14.92	4.56	41.06	4.77	3.69	1.79	6.67	34.39	25.93
	Office equipment	60.20	6.09	-	66.29	50.00	1.64	-	51.64	14.65	10.20
	<b>Total (a)</b>	4,186.20	588.53	23.01	4,751.72	2,253.53	187.84	16.38	2,424.99	2,326.73	1,932.67
	<b>Previous Year</b>	3,878.60	312.60	5.00	4,186.20	2,086.79	167.00	0.26	2,253.53	1,932.67	1,791.81
b.	<b><u>Intangible Assets</u></b>										
	Computer software	5.41	-	-	5.41	0.71	0.88	-	1.59	3.82	4.70
	<b>Previous Year</b>	-	5.41	-	5.41	-	0.71	-	0.71	4.70	-
c.	<b>Capital Work In Progress</b>	-	-	-	197.57	-	-	-	-	197.57	25.22



## 2.9 LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>Unsecured, considered good</b>		
a. Capital Advances	12.60	13.93
b. Security Deposits with Govt. authorities and others	53.39	53.39
<b>Total</b>	<b>65.99</b>	<b>67.32</b>

## 2.10 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>Others</b>		
Fixed Deposit (Pledged with Sales Tax Department)	1.00	1.00
<b>Total</b>	<b>1.00</b>	<b>1.00</b>

## 2.11 INVENTORIES (As certified by the Management) (Lower of cost and net relisable value)

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
a. Raw Materials and components	5.92	14.60
b. Work-in-progress		
- Semi Processed Milk	32.66	32.80
c. Finished goods	2,225.12	1,175.59
d. Stores and spares	273.84	209.53
<b>Total</b>	<b>2,537.54</b>	<b>1,432.52</b>

## 2.12 TRADE RECEIVABLES (Unsecured considered good, unless otherwise stated)

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<u>Trade receivables outstanding for a period exceeding six months from the due date of payment</u>		
Considered good	19.22	-
Considered doubtful	3.97	3.97
Less: Provision for doubtful debts	(3.97)	(3.97)
	19.22	-
<u>Other Trade receivables</u>		
Considered good	430.45	418.18
<b>Total</b>	<b>449.67</b>	<b>418.18</b>





## 2.13 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks	49.42	28.65
b. Cheques, drafts on hand	-	0.11
c. Cash on hand	4.84	9.55
	<b>54.26</b>	<b>38.31</b>
<b>OTHER BANK BALANCES</b>		
- Deposits with original maturity of more than 3 months but less than 12 months (C.Y.-Held as margin money & P.Y.-Pledged with banks-Note no.2.6)	7.00	402.00
- Deposits with original maturity of more than 12 months	1.00	1.00
Less :- Amount disclosed under the head other non-current assets.	(1.00)	(1.00)
<b>Total</b>	<b>61.26</b>	<b>440.31</b>

## 2.14 SHORT-TERM LOANS AND ADVANCES

[ unsecured considered good, unless otherwise stated]

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs. in lac	Rs. in lac
<b>Considered good</b>		
Income Tax Advances payment/TDS	316.49	53.58
Mat Credit Entitlement	139.12	-
Sales Tax/Vat Recoverable	29.56	24.69
Interest receivable	3.96	11.05
Export Incentive receivable	29.97	0.34
Others	35.99	25.53
<b>Considered doubtful</b>		
Others	0.80	0.80
Less: Provision for doubtful advances	(0.80)	(0.80)
<b>Total</b>	<b>555.09</b>	<b>115.19</b>

## 2.15 Revenue from operations

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
<b>Sale of products</b>		
Ghee	5,347.12	5,160.79
Powder	9,970.06	7,210.06
Others	208.32	953.68
<b>Other operating revenues</b>		
Conversion Charges	1,732.15	1,652.85
Export Incentive	29.63	-
Others	92.94	44.34
<b>Total</b>	<b>17,380.22</b>	<b>15,021.72</b>

## 2.16 OTHER INCOME

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
Interest Income	40.01	19.57
Profit on sale of fixed assets (net)	6.36	0.54
Dividend Income	1.98	-
Exchange Fluctuation	6.95	-
<b>Total</b>	<b>55.30</b>	<b>20.11</b>



## 2.17 RAW MATERIAL CONSUMED (Indigenous 100%)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
Raw Milk	12,378.60	10,565.21
Sugar	338.08	184.13
Packing Material	693.36	455.89
Others	24.07	21.34
<b>Total</b>	<b>13,434.11</b>	<b>11,226.57</b>

## 2.18 CHANGE IN INVENTORIES

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
<b>Opening Stocks</b>		
Work- in- progress	32.80	35.49
Finished Goods	1,175.59	1,016.58
	<b>1,208.39</b>	<b>1,052.07</b>
<b>Closing Stocks</b>		
Work- in- progress	32.66	32.80
Finished Goods	2,225.12	1,175.59
	<b>2,257.78</b>	<b>1,208.39</b>
(Increase)/Decrease in Stocks	<b>(1,049.39)</b>	<b>(156.32)</b>

## 2.19 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
(a) Salaries/Wages & Bonus	582.51	462.45
(b) Contributions to -Provident fund & Other Fund	43.26	35.42
(c) Staff welfare and other benefits	18.50	9.32
<b>Total</b>	<b>644.27</b>	<b>507.19</b>

## 2.20 FINANCE COST

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
Interest expense	22.31	20.51
Other borrowing costs	0.50	2.96
<b>Total</b>	<b>22.81</b>	<b>23.47</b>

## 2.21 OTHER EXPENSES

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
Power & Fuel	1,398.82	1,043.93
Consumption of stores & spares(100%Indigenous)	252.85	218.38
Insurance	24.49	10.23
Rent	10.28	6.49
Freight and Forwarding charges	321.99	182.85
Rates and Taxes	28.83	49.58
Repair to Machinery	56.71	42.03
Repair to Building	5.18	15.90
Director fees	0.93	0.64
Foreign exchange fluctuation	-	0.43
Miscellaneous expenses	477.64	319.73
<b>Total</b>	<b>2,577.72</b>	<b>1,890.19</b>



## 2.22 BASIC AND DILUTED EARNING PER SHARE (PURSUANT TO ACCOUNTING STANDARD-20)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Surplus/(Deficit) for the year (Rs.in lac)		
-Before Extra Ordinary Items	1,229.85	1,383.02
-After Extra Ordinary Items	1,229.85	1,383.02
Weighted average number of equity share (Nos.)	2,20,03,200	2,20,03,200
Nominal value of equity shares (Rs.)	5	5
Basic Earning per share (Rs.)	5.59	6.29
Diluted Earning per share (Rs.)	5.59	6.29

2.23 The Company has been discharged from the purview of SICA/BIFR vide order dated 07th December,2012 of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

2.24 Liability of a Term loan from a body corporate has been recognized to the extent and in terms of BIFR order.

2.25 Contingent liabilities in respect of claims disputed/not accepted and not provided for is Rs.305.85 Lac as certified by the management (previous year Rs.305.85 Lac).Details thereof are, Sales tax Rs.54.94 Lac (previous year Rs. 54.94 Lac), Mandi fee (U.P.) Rs.181.66 Lac (previous year 181.66 Lac), Milk Cess (U.P.) Rs.69.25 Lac (previous year Rs. 69.25 Lac). Interest impact on above, if any, will be considered as and when arise.

2.26 Based on information available with the Company in respect of MSME (The Micro Small & Medium Enterprises Development Act, 2006) the details are as under:

- (i) Principal amount due and remaining unpaid as at 31.03.2013 - Rs.57.15 Lac ( P.Y. - Rs. 0.91 Lac).
- (ii) Interest amount due and remaining unpaid as at 31.03.2013 – Rs. Nil ( P.Y. - Rs. NIL).
- (iii) Interest paid in terms of section 16 of the MSME Act during the year - Rs. NIL ( P.Y.- Rs. NIL).
- (iv) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the year but without adding the interest specified - Rs. NIL ( P.Y. Rs. NIL ).
- (v) Payment made beyond the appointed day during the year - Rs. NIL ( P.Y.- Rs. NIL ).
- (vi) Interest accrued and unpaid as at 31.03.2013 - Rs. NIL ( P.Y. -Rs. NIL ).

2.27 Research and Development expenditure amounting to Rs 2.49 Lac (previous year Rs. 0.50 Lac) has been debited to Profit and Loss statement.



## 2.28 EMPLOYEE BENEFITS:

(a) The status of the gratuity and leave encashment as per actuarial valuation on March 31, 2013 is as follows:

(Rs. in lac)

		For the year ended 31st March 2013		For the year ended 31st March 2012	
		Gratuity (Non-Funded)	Leave Encashment (Non-Funded)	Gratuity (Non-Funded)	Leave Encashment (Non-Funded)
<b>I</b>	<b>Expense recognized in the statement of profit and loss</b>				
a)	Current service cost	7.24	7.84	5.96	6.81
b)	Interest cost	3.06	2.15	2.80	1.74
c)	Net actuarial (gain)/ loss recognized in the period	2.40	3.87	(0.34)	3.14
d)	Expenses recognized in the statement of profit & losses	12.70	13.86	8.42	11.69
<b>II</b>	<b>Net Assets/(liability) recognized in the Balance sheet as at March 31, 2013</b>				
a)	Present value of obligation as at the end of the period	50.28	31.80	38.20	26.81
b)	Net asset/(liability) recognized in balance sheet	(50.28)	(31.80)	(38.20)	(26.81)
<b>III</b>	<b>Change in present value of obligation</b>				
a)	Present value of obligation as at the beginning of the period (01/04/2012)	38.20	26.81	32.90	20.44
b)	Interest cost	3.06	2.15	2.80	1.74
c)	Current service cost	7.24	7.84	5.96	6.81
d)	Benefits paid	(0.62)	(8.87)	(3.12)	(5.32)
e)	Actuarial (gain)/loss on obligation	2.40	3.87	(0.34)	3.14
f)	Present value of obligation as at the end of period (31.03.2013)	50.28	31.80	38.20	26.81
<b>IV</b>	<b>Changes in the fair value of plan assets</b>	-	-	-	-
<b>V</b>	<b>The Major Category of Plan assets as a percentage to total plan</b>	N.A.	N.A.	N.A.	N.A.
<b>VI</b>	<b>Actuarial Assumptions</b>				
	<b>Economic Assumptions:</b>				
	Discounting Rate	8.00%		8.50%	
	Future salary Increase	6.00%		6.50%	
	Expected Rate of return on plan assets	-		-	
	<b>Demographic Assumptions:</b>				
	Retirement Age	60 Years		60 Years	
	Mortality Table	IALM (1994-96)		LIC (1994-96) duly modified	
	<b>Withdrawal Rates</b>				
	<b>Age</b>	<b>Withdrawal Rate (%)</b>		<b>Withdrawal Rate (%)</b>	
	<b>Up to 30 Years</b>	3.00		3.00	
	<b>From 31 to 44 Years</b>	2.00		2.00	
	<b>Above 44 Years</b>	1.00		1.00	

- (b) (i) Defined Benefits Plans:  
Amounts recognised as an expense and included in Note 2.19 item "Salaries, Wages, Bonus" included Rs.13.86 Lac (previous year Rs. 11.69 Lac) for Leave encashment.
- (ii) Defined Contribution Plans:  
Amounts recognised as an expense and included in Note 2.19 item Contribution to PF & other funds of profit & loss statement.
- (c) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2.29 The Company has only one business segment, i.e., Dairy Products, hence segment reporting as defined in Accounting Standard-17 is not applicable.

2.30 Conversion charges under Other Operating revenue represent income on account of contract manufacturing activities undertaken by the Company in terms of the agreements with Principal (Contractees) in which either party have right to



release other by mutual consent.

- 2.31 As stipulated in Accounting Standard on Impairment of Assets (AS -28), the Management has carried out review of the remaining useful lives of its Fixed Assets and its value in use. As the recoverable amount as per projections exceeds the carrying amount, no impairment has been provided for in the accounts.
- 2.32 (i) Building includes Rs 959.03 Lac (Previous year 959.03 Lac) funded by the other party to the extent of Rs. 963.92 Lac (Previous Year 963.92 Lac), included in other long term liabilities, pending for transfer under an agreement.  
(ii) Capital work in progress includes pre-operative expenses: legal & professional fee, pending capitalization amounting to Rs.36.54 Lac (Previous year Rs. 16.85 Lac).
- 2.33 Loans and Advances include loan to employees of Rs.5.67 Lac (previous year Rs. 4.50 Lac) in the ordinary course of business and as per service rules of the Company. Maximum amount outstanding during the year Rs.7.43 Lac (previous year Rs. 5.98 Lac).
- 2.34 Balances of certain Debtors, Cans (fixed assets) lying with the third parties & Current Liabilities (including Advance from Customers) and Secured Loans are in the process of confirmation/reconciliation. In view of necessary controls Company does not expect any material impact on the statement of affairs of the Company.
- 2.35 As per Accounting Standard 18 "Related Party Disclosure" there is no related party identified during the year. Hence, there is no related party transaction during the year which needs to be disclosed.
- 2.36 Estimated amount of contracts remaining to be executed on capital account Rs.44.34 Lac (previous year Rs. 126.43 Lac),{ net of advances Rs 31.74 Lac (previous year Rs. 13.93 Lac)}.
- 2.37 Prior period expenses included in respective heads of accounts are Rates & Taxes exp. Rs. 0.67 Lac (Previous year Rs. 46.52 Lac),

2.38 Expenditure/Earnings in Foreign Currency	2012-13	2011-12
(a) Earnings in Foreign Currency :-		
F.O.B. Value of exports (Rs. in Lac)	595.30	-
(b) C.I.F. Value of Imports:-		
Components and Spare Parts	-	-

- 2.39 Pursuant to the Accounting Standard for 'Taxes on Income' (AS 22), deferred tax liability/assets are as under:

	31st March, 2013	31st March, 2012
Deferred Tax liabilities		
Related to Fixed Assets	225.94	-
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	23.60	-
Deferred Tax liability(Net)	202.34	-

- 2.40 In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally settled.

- 2.41 Amount paid to Auditors (Including Service Tax) :-

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs. in lac	Rs. in lac
a. Audit Fees	2.25	1.69
b. Tax Audit Fees	0.34	0.17
c. For Other Services	0.86	0.54
d. For Reimbursement of Expenses	0.16	0.07
<b>Total</b>	<b>3.61</b>	<b>2.47</b>

- 2.43 Previous year figures have been regrouped/rearranged/recasted wherever considered necessary.

As per our report of even date.  
for LODHA & CO.

Chartered Accountants

N.K. Lodha  
Partner  
(Membership No. 85155)  
Firm Registration No. – 301051E  
New Delhi : 4th May 2013

Manager

Company Secretary

D.B. Doda  
R. C. Jain  
R. C. Periwal  
R. L. Saha

Directors



## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st March, 2013

(Rs. in lac)

	2012-13	2011-12
<b>A. Cash Flow from Operating Activities</b>		
Net Profit (+)/Loss(-) before taxation and extraordinary items	1617.28	1,383.02
Adjustments for :		
Depreciation	188.72	167.71
Interest income	(40.01)	(19.57)
Dividend received	(1.98)	-
Excess Provision of earlier years no longer required(net)	32.26	0.04
Balances Written back (Net)	0.00	0.76
Interest & Finance Charges	22.81	23.47
(Profit)/loss on sale of Fixed Assets (net)	(6.36)	(0.54)
Operating Profit before working capital changes	1812.72	1,554.89
(Increase)/ Decrease in Inventories	(1,105.02)	(188.12)
(Increase) / Decrease in Trade and other Receivables	(215.57)	(240.57)
Increase/ (Decrease) in Trade and Other Payables	234.13	(422.68)
Cash Generated from Operations	726.25	703.52
Direct Tax paid	(262.91)	(4.96)
Net Cash from operating activities	463.34	698.56
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets including CWIP	(760.88)	(301.72)
Capital Advances	1.33	(13.93)
Proceeds from sale of Fixed Assets	12.99	5.28
Dividend received	1.98	-
Interest Received	47.10	10.22
Net Cash from Investing activities	(697.48)	(300.15)
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Borrowings	(571.59)	(193.00)
Short term borrowings	444.43	112.87
Interest paid	(17.76)	(24.19)
Net Cash used in financing activities	(144.92)	(104.32)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(379.05)	294.09
Cash and Cash equivalents being Cash and Bank balances as at the beginning of the year	440.31	146.22
Cash and Cash equivalents being Cash and Bank balances as at the end of the year	61.26	440.31

### Note:

Previous year's figures have been regrouped / rearranged / recasted wherever necessary.

for LODHA & CO.

Chartered Accountants

N.K. Lodha  
Partner  
(Membership No. 85155)  
Firm Registration No. – 301051E  
New Delhi : 4th May 2013

Manager

Company Secretary

D.B. Doda  
R. C. Jain  
R. C. Periwal  
R. L. Saha

Directors



## UMANG DAIRIES LIMITED

**Registered Office :** Gajraula- Hasanpur Road, Gajraula, Dist. Jyotiba Phule Nagar – 244235 (U.P.)

### ADMISSION SLIP

Folio No.		DP ID #	
No. of Shares held		Client ID #	

I hereby record my presence at the 20th Annual General Meeting of the Company being held at Gajraula-Hasanpur Road, Gajraula, Dist. Jyotiba Phule Nagar – 244 235 (U.P.) on Saturday, the 3rd August, 2013 at 12.30 P.M.

Name of the Member (in block letters)	
Name of the Proxy-holder/ Authorised representative* ( in block letters)	

\* Strike out whichever is not applicable.

# Applicable for investors holding shares in dematerialised form.

Signature of the Member/Proxy/Authorised representative\*

- Notes:
1. A Member/Proxy/Authorised representative wishing to attend the meeting must complete this Admission Slip before coming to Meeting and hand it over at the entrance.
  2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the time fixed for the Meeting.

## UMANG DAIRIES LIMITED

**Registered Office :** Gajraula- Hasanpur Road, Gajraula, Dist. Jyotiba Phule Nagar – 244235 (U.P.)

### PROXY FORM

Folio No.		DP ID #	
No. of Shares held		Client ID #	

I/We ..... of .....

..... being member/members of Umang Dairies Limited hereby appoint

Shri/Smt./Km. .... of .....

or failing whom Shri/ Smt./Km. .... of .....

or failing whom Shri/Smt./Km. .... of .....

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, the 3<sup>rd</sup> August 2013 at 12.30 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2013

# Applicable for investors holding shares  
in dematerialised form

Signature (s) .....

Affix  
Revenue  
Stamp

Note : The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.



## BOOK - POST



**DRYING PLANT**



**LIQUID MILK PACKING PLANT**

IF UNDELIVERED PLEASE RETURN TO :  
**UMANG DAIRIES LIMITED**  
GULAB BHAWAN, 3RD FLOOR, 6A, BAHADUR SHAH ZAFAR MARG  
NEW DELHI - 110 002