

6

INC.	CHRG.	NAME	TR.	TO: CO.	GB
INSP.	THE STOCK EXCHANGE MUMBAI				SEC
ACCTS	23 SEP 1997				LIST
R.S. & P.					P.R.S.
MATH	No.				QUOT. SUBV.
IN.SYS	SECU	E & M	LEGAL	MEMB	MKT. OPS.

th ANNUAL REPORT 1996-97

Report

junction

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SIN	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		



HERMAN

HERMAN MILKFOODS LTD.

HERMAN MILK FOODS LTD.**BOARD OF DIRECTORS**

- | | |
|--------------------------|----------------------------|
| 1. Mr. S.K. Sidhu | - Chairman (Nominee PSIDC) |
| 2. Mr. Virsa Singh Sidhu | - Managing Director |
| 3. Mr. Sukhjeet Singh | - Director |
| 4. Mr. Rajesh Kumar | - Director |
| 5. Mr. S.S. Virdee | - Director |
| 6. Dr. B.S. Bhatia | - Director |
| 7. Dr. R. Balachandran | - Director |
| 8. Mr. D. Rama Rao | - Director (Nominee IFCL) |
| 9. Mr. A.K. Sud | - Director (Nominee PSIDC) |
| 10. Mr. A.K. Mahajan | - Director (Nominee PSIDC) |

FINANCIAL CONTROLLER & COMPANY SECRETARY

Mr. Amreek Singh Sandhu

AUDITORS

M/s Taranjeet & Associates,
Chartered Accountants,
Quiet Office No. 6 (1st Fl.)
Sector 35 - A,
Chandigarh.

BANKERS

Punjab National Bank,
Malkana Branch,
Tehsil Samana,
Distt. Patiala (Pb.)

REGISTERED OFFICE

S.C.O. 96-97 (IInd Fl.)
Sector 34-A,
Chandigarh - 160 022.

FACTORY

Village Retgarh,
Tehsil Samana
Distt. Patiala (Pb.)

SHARE TRANSFER AGENTS

M/s Proteus Financial & Management
Services Pvt. Ltd.,
S.C.O. 362, 2nd Floor, Sector 44-D,
Chandigarh - 160 047.

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the SIXTH Annual General Meeting of the Shareholders of Herman Milkfoods Ltd., will be held on Tuesday, the 30th day of September, 1997 at Bal Bhawan, Sector 23, Chandigarh, at 3.00 P.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Sh. A.K. Sud, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. S.S. Viridi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. B.S. Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company U/s 224 A of the Companies Act, 1956 and to pass the following resolution as SPECIAL RESOLUTION:-

"RESOLVED that pursuant to Section 224 A of the Companies Act, 1956, M/s Taranjeet & Associates, Chartered Accountants, Chandigarh, the retiring Statutory Auditors, be and are, hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be decided by the Managing Director of the Company."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution with or without modification, as an ORDINARY RESOLUTION :

"RESOLVED that the consent of the Company, be and is, hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging of all the immovable and movable properties of the Company wheresoever situated, present and future, and whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of

PUNJAB NATIONAL BANK, (PNB) in connection with the working capital of Rs. 335.00 lacs (Rupees Three Crore Thirtyfive Lacs only) lent and advanced / agreed to be lent and advanced by PNB to the Company ;

RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/ documents executed/to be executed and all acts done in terms of the above resolution be and with the authority of the Board of Directors are hereby confirmed and ratified."

By Order of the Board,
for HERMAN MILKFOODS LIMITED,

sd/-

(Amreet Singh Sandhu)
Fin. Controller & Co. Secretary

Place : Chandigarh
Date : 27.08.1997

HERMAN MILKFOODS LTD.**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting. A Proxy so appointed shall not have any right to speak at this meeting. The Proxy form is enclosed.
2. Members are requested to bring their copies of Annual Reports to the meeting.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed.
4. Members are requested to notify any change in their address immediately to M/s Proteus Financial & Management Services Pvt. Ltd., S.C.O. 362, 2nd Floor, Sector 44-A, Chandigarh-160047.
5. The Register of members of the Company shall remain closed from Thursday the 25th day of Sept., 1997 to Tuesday, the 30th day of September, 1997 (both days inclusive).

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

The Company has availed Working Capital Limit of Rs. 335.00 lacs (Rupees Three Crore Thirtyfive Lacs only) from Punjab National Bank. The consent of the Members is required U/s 293(1)(a), and other applicable provisions, if any, of the Companies Act, 1956, that the Directors may, for and on behalf of and for the purpose of mortgaging and/or charging of all the immovable and movable properties of the Company, create a charge in favour of Punjab National Bank, Malkana (Samana). Hence, the Directors recommend the resolution for approval of the Members.

None of the Directors is interested or concerned in the Resolution.

By Order of the Board,
for HERMAN MILKFOODS LIMITED,
sd/-
(Amreek Singh Sandhu)
Fin. Controller & Co. Secretary

Place : Chandigarh
Date : 27.08.1997

6th ANNUAL REPORT**DIRECTORS REPORT**

Dear Members,

Your Directors have pleasure in presenting the SIXTH ANNUAL REPORT and the Audited Statement of Accounts for the Financial Year ended 31st March, 1997.

FINANCIAL RESULTS :-*(Rs. in lacs)*

Sales & Other Income	3652.75
Financial Charges	225.71
Gross Profit before	86.60
Depreciation & Tax	
Depreciation	73.93
Income Tax (MAT)	1.50
Net Profit	11.17

REVIEW OF OPERATIONS

During the year under review the Company has achieved a sales turn-over of Rs. 3652.75 lacs with net profit of Rs. 11.17 lacs at capacity utilisation of 50% against sales turn over of Rs. 3728.18 lacs and net profit of Rs.16.19 lacs at capacity utilisation of 54% during the last year. However, the capacity utilisation was lower as projected because of low availability of good quality milk.

ACTUALS VS. PROJECTIONS

The projections made in the prospectus dated 15.04.1994 and the actuals during the year are tabulated below :-

(Rs. in lacs)

<i>Particulars</i>	<i>Projections</i>	<i>Performance</i>
Total Income	5767.65	3652.75
Profit After Tax	215.22	11.17
EPS (in Rs.)	2.50	0.13

The variance between actuals and projected figures are on account of low availability of good quality milk besides, over-capacity in the milk processing industry.

Further the prices of finished goods has not increased in proportion to increase in raw milk prices during the year under review.

FUTURE PROSPECTS

During the current financial year the production and procurement of milk is better as compared to corresponding period from April to August last year. The Company has proposed to process more than 500 lacs kgs. of milk at capacity utilisation of 65% and hope to achieve sales turn over of more than Rs. 5000 lacs. The products manufactured in India will have an edge over the products manufactured outside India, because the GATT Agreement implementation will curtail the subsidies upto 10%. The subsidies to Dairy Sector outside India are upto 60% whereas the subsidies in India are upto 6% and that too indirect subsidies. This will make the Indian products cheaper and more competitive in the international market, which will result in increase in exports and higher profitability.

- Your Company is targetting the Institutional buyers as well as export market in the current year because this will yeild better price leading to higher profitability as compared with domestic market.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year.

HERMAN MILKFOODS LTD.**PARTICULARS OF EMPLOYEES**

Information in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on 31st March, 1997 is set out in the Annexure-I

PARTICULARS REGARDING ENERGY CONSERVATION ETC.

Your Company is making all possible efforts to reduce energy consumption and achieve high plant operating efficiencies. The requisite information with regard to energy conservation, Research & Development activities undertaken by the Company alongwith the information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure-II to the Directors Report.

DIRECTORS

The following changes have taken place in the Board of Directors :

- i. PSIDC has nominated Sh. S.K. Duggal as Chairman of the Company in place of Sh. P.S. Bajwa, who vacated his office w.e.f. 4.9.1996.
- ii. PSIDC has nominated Sh. P.S. Aujla as Chairman of the Company w.e.f. 3.4.1997 in place of Sh. S.K. Duggal, who continue to be Director of the Company and Sh. P.S. Aujla has been appointed as Director in place of Sh. D.B.S. Gill, who vacated his office w.e.f. 3.4.1997.
- iii. PSIDC has nominated Sh. S.K. Sharma as Chairman of the Company in place of Sh. P.S. Aujla, who vacated his office w.e.f. 4.7.1997.
- iv. PSIDC has nominated Sh. A.K. Mahajan as Director of the Company in place of Sh. S.K. Duggal, who vacated his office w.e.f. 4.7.1997.

The Board places, on record, the valuable contribution made by Sh. P.S. Bajwa, Sh. P.S. Aujla, Sh. S.K. Duggal and Sh. D.B.S. Gill during their tenure on the Board of the Company.

- v. Sh. A.K. Sud, Sh. S.S. Viridi and Dr. B.S. Bhatia, Directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

AUDITORS

M/s Taranjeet & Associates, Chartered Accountants, the Company's Auditors, will hold office till the conclusion of this Annual General Meeting. They have communicated their willingness to accept reappointment and have further confirmed their eligibility under Section 224 (1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Punjab State Industrial Development Corporation Ltd., Industrial Finance Corporation of India Ltd., Punjab National Bank, other Statutory Govt. Bodies' and the Shareholders, whose continued support has been a source of strength to the Company. Your Directors also wish to place on record their sincere appreciation, of the devotion and dedicated efforts put in by the employees at all levels.

for and on behalf of the Board
Sd/-

(S.K. SHARMA)
Chairman

Place : Chandigarh
Date : 27.08.1997

ANNEXURE - I**ANNEXURE TO THE DIRECTORS' REPORT**

Statement under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the financial year ended 31st March, 1997

A. Employed throughout the period and in receipt of remuneration aggregating Rs.3,00,000/- or more per annum.

Name of the Employee	Designation/ Nature of Service	Experience	Date of Commencement of Service	Qualification	Remuneration (Rupees)	Age (Yrs.)	Previous Employment position held
Mr. Virsa Singh Sidhu	Managing Director	19 years	5.5.1993	M.A., M.Phil.	Rs. 5,53,500/-	48	Own Business

B. Employed for part of the year and in receipt of remuneration aggregating Rs. 25,000/- or more per month

Nil

NOTES :

- Gross remuneration comprises of salary and allowances.
- The appointment of Mr. Virsa Singh Sidhu, Managing Director is contractual.

For and on behalf of the Board
Sd/-

Place : Chandigarh

Date : 27.08.1997

(S.K. SHARMA)
Chairman

ANNEXURE - II**ANNEXURE TO THE DIRECTOR'S REPORT****A. Environment, Safety and Conservation of Energy**

- The Company is taking care to keep energy conservation at its optimum. Environment and Safety has remained the priorities of the Company. The treatment of effluent are also given top priority. Regular supervision and controls are being maintained in areas where steps had already been taken for conservation of energy to avoid idle/ unproductive running of any energy consuming equipment.

- Total energy consumption and energy consumption per unit is given here below in Form 'A'.

B. Technology Absorption, Research & Development

Research and Development efforts have been continued for improving the existing products and finding out the new formulations. Since the Company has not bought any technology in the recent past, statement in Form B under Section 217 (1)(e) of the Companies Act, 1956 (Disclosure of Particulars of the Board of Directors) Rules, 1988, is not applicable.