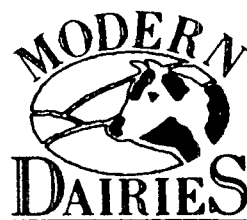


| | | | |
|-----|-------------------------------------|-----|-------------------------------------|
| MD | <input checked="" type="checkbox"/> | BKC | <input checked="" type="checkbox"/> |
| CS | <input checked="" type="checkbox"/> | DPY | <input checked="" type="checkbox"/> |
| RO | <input checked=""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



5TH
ANNUAL
REPORT
1996-97

Report  junction.com

Modern Dairies Limited



**BOARD OF DIRECTORS**

Chairman

Shri Amarjit Goyal

Managing Director

Shri Krishan Kumar Goyal

Shri Yash Mahajan

Shri Kulwant Singh

Dr. B.N. Mathur

Mrs. Alka Goyal

Shri G.G. Nair (Nominee IFCI)

Shri H. S. Oberoi, Director (Operations)

AUDITORSM/s. A. Goel & Associates,
Chartered Accountants**BANKERS**

Punjab National Bank

HEAD OFFICESCO 98-99, Sub-City Centre,
Sector 34, Chandigarh-160 022**CONTENTS**

| | |
|-----------------------|----|
| Notice | 2 |
| Directors' Report | 5 |
| Auditors' Report | 8 |
| Balance Sheet | 10 |
| Profit & Loss Account | 11 |
| Schedules | 12 |
| Cash Flow Statement | 22 |
| Proxy | 23 |

REGISTERED OFFICE & WORKS136 Km., G.T. Road,
Karnal-132 001
(HARYANA)**REGISTRARS & SHARE TRANSFER AGENTS**Western India Securities Limited,
B-6/7, DDA Commercial Complex,
Safdarjung Enclave,
New Delhi-110 029

NOTICE

NOTICE is hereby given that the 5th Annual General Meeting of the Company will be held at its Registered Office at 136 KM, G.T. Road, Karnal - 132 001 (Haryana) on Friday, the 11th July, 1997 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1997 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Kulwant Singh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. B. N. Mathur, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

- 5 To consider and if thought fit, to pass the following resolution with or without Modification(s) as an ORDINARY RESOLUTION.

"RESOLVED THAT Shri H.S. Oberoi who was appointed as an Additional Director of the Company, pursuant to Article 93 of the Articles of Association of the Company and to hold office upto this Annual General Meeting be and is hereby appointed a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass the following resolution with or without Modification (s) as an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 including schedule XIII of the said Act as amended upto date, consent and approval of the Company be and are hereby accorded to the appointment & remuneration to be paid to Shri H.S. Oberoi as Director (Operations) of the Company for a period of three years w.e.f. 23rd May, 1997 on the terms and conditions as set out in the agreement entered into between the Company and Shri H.S. Oberoi, a copy whereof initialled by the Chairman of the Company for the purposes of identification has been placed before this meeting, which agreement is hereby specifically approved".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said agreement to the extent the Board of Directors may consider appropriate, but that shall be within the limits set out in the said Act including schedule XIII of the Companies Act, 1956 and any other statutory modifications".

By Order of the Board

PLACE : Chandigarh KRISHAN KUMAR GOYAL
DATED : 23rd May, 1997 Managing Director

Modern Dairies Limited**5TH****NOTES :**

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting. A blank proxy form is enclosed.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 8th July 1997 to 11th July 1997 (both days inclusive).

4. MEMBERS ARE REQUESTED TO :

- a) Notify promptly, any change, in their addresses to the Company.
- b) Send their queries, if any, at least ten days in advance of the meeting, so that the information can be made available at the meeting.

MEMBERS ARE REQUESTED TO
BRING THEIR COPY OF ANNUAL
REPORT AT THE MEETING

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5 & 6**

Shri H.S. Oberoi was appointed as an Additional Director of the Company w.e.f. 23rd May, 1997 by the Board of Directors in terms of Article 93 of the Articles of Association of the Company and he hold his office as such under the provisions of section 260 of the Companies Act, 1956 only upto the date of this Annual General Meeting, but is eligible for reappointment.

As required by section 257 of the Companies Act, 1956, notices alongwith deposit of Rs.500/- have been received from some of the members specifying their intention to propose his appointment as a Director. The Board consider it desirable that the Company should continue to avail his valuable services.

The appointment and remuneration of Shri H.S. Oberoi as Director (Operations) are as per provisions of Section 269 of the Companies Act, 1956 and schedule XIII of the said Act.

Shri H.S. Oberoi, 55 years of age, is B.Sc.(Dairy Technology) was Chief General Manager of the Company before his elevation to the Board as Director (Operations). He joined the Company on 16.4.93. Shri H.S. Oberoi brings with him rich experience of Production, Marketing and Commercial Management.

The Board of Directors considered it appropriate to appoint Shri. H.S. Oberoi as Director (Operations) of the Company for a period of three years w.e.f. 23rd May, 1997 on the following terms and conditions including remuneration subject to the approval of members.

Modern Dairies Limited

REMUNERATION

A. Salary

A salary of Rs. 20,000 /- per month in the scale of Rs. 20,000-2500-25000/-

B. PERQUISITES

Perquisites shall be allowed in addition to salary and are classified as follows :-

i. House Rent Allowances.

40% of the salary per month

ii. Medical Reimbursement

Expenses incurred for himself and his family subject to the ceiling of one month salary in one year.

iii. Leave Travel Concession

Leave Travel Concession for self and his family once in a year as per rules of the Company.

iv. Provident Fund

Contribution towards Provident Fund will be subject to a ceiling of 10% of the salary.

v. Gratuity

Gratuity payable shall not exceed one half month's salary for each completed year of service.

vi. Car

Provision of Car for use of Company's business purposes. Use of Car for private purposes shall be billed by the company

vii. Telephone

Provision of Telephone at residence will not be considered as perquisites and personal long distance calls shall be billed by the Company.

The Director (Operations) is not entitled to sitting fees for attending Meetings of the Board or of a Committee thereof.

MINIMUM REMUNERATION

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration.

The appointment shall be terminable by the Company giving to the Director (Operations) a notice of three months of such termination or on payment of three months salary in lieu thereof and by the Director (Operations) notice of three months to the Company.

For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The Directors recommend the Resolutions set out at item Nos. 5 & 6 for approval of the Members.

Except Shri H.S. Oberoi, no other Director is concerned or interested in the Resolutions at item No. 5 & 6.

INSPECTION OF DOCUMENTS

The documents referred to in this notice and Explanatory Statement are open for inspection by any member at the Registered Office of the Company during the Company's business hours on any working day of the Company upto and including the date of meeting

By Order of the Board

PLACE : Chandigarh
DATED : 23rd May, 1997

KRISHAN KUMAR GOYAL
Managing Director

Modern Dairies Limited**5TH****DIRECTOR'S REPORT**

Your Directors present their Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

OPERATIONS

While in the Fiscal 1996-97, the sales rose to Rs. 76 Crores as against Rs. 68 Crores in the previous year, the operations throughout the year witnessed tough conditions mainly due to lower procurement of milk even at high cost (31 lac Kgs. less than 95-96 procurement) and higher interest burden. As a result, 1996-97 operations sustained a loss of Rs. 2.83 Crores (Rs. 1.40 Crores in the previous year).

CURRENT OPERATIONS

The current year has started on a better note where the milk availability to the Plant in the month of April is 80.23 lac kgs. as compared to 60.06 lac kgs. of milk in the previous year and corresponding sales of Rs. 6.72 Crores as against Rs. 6.58 Crores. The focus continues on the sales to business corporates and increased consumer sales.

APPLICATION OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Members may note that having regard to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 under Section 15, in view of erosion of total net worth of the company, the Directors of your company has formed the opinion that the company has become sick and reference has been made to the BIFR.

DIRECTORS

The Board of Directors have appointed Shri H.S. Oberoi as whole time Director designated as Director (Operations) with effect from 23rd May 1997 for a period of three years. His appointment and terms of remuneration are being placed before the shareholders for approval. The Directors recommend the appointment and terms of remuneration to Shri H.S. Oberoi as proposed.

Shri Kulwant Singh and Dr. B.N. Mathur who retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

DEPOSITS

The outstanding deposits at the end of the financial year under review, amounted to Rs. 144.13 lacs. (previous year Rs. 157.59 lacs.). There are no overdue deposits.

AUDITORS

M/s A. Goel & Associates, Auditors of the Company, hold office until the conclusion of forthcoming Annual General Meeting and are recommended for re-appointment. The Company has received a Certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limits u/s 224 (1) of the Companies Act, 1956.

HUMAN RESOURCES

Harmonious employees relations prevailed throughout the year. Your Directors place on record their appreciation of all categories of employees for their hard work and dedication. The statement showing particulars of employees as required under Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975 is annexed, which forms part of the report.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars of the Report of Board of Directors) Rules, 1988, is given in the annexure forming part of the report.

APPRECIATION

Your Directors wish to place on record their sincere thanks to the Financial Institution and Bank for their Valuable support.

For & on behalf of the Board

PLACE : Chandigarh
DATED : 23rd May, 1997

AMARJIT GOYAL
Chairman



Modern Dairies Limited

ANNEXURE TO DIRECTORS' REPORT

Particulars of Employees pursuant to the provision of Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report for the year ended 31st March, 1997.

| Name | Age/ Yrs. | Designation/ Nature of duties | Gross remunera- tion in Rs. | Quali- fications | Exper- ience in yrs. | Date of commence- ment of employment | Last Employment Held/Designation |
|--------------------------------------|--------------|-------------------------------------|-----------------------------------|-----------------------------|----------------------------|---|--|
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. |
| EMPLOYED THROUGH OUT THE YEAR | | | | | | | |
| Shri H.S. Oberoi | 55 | Chief General Manager | 3,22,160 | B.Sc. (Dairy Technology) | 33 | 16.04.93 | Director Technical Roadmaster Foods Ltd. |
| Dr. P.K. Jain | 46 | General Manager (Commercial) | 3,20,826 | B.V.Sc. & AH | 25 | 14.11.92 | Jr. Vice President (Procurement) Foremost Industries (India) Ltd. |
| Shri K.B. Saxena | 59 | General Manager (Marketing) | 3,16,182 | B.Com(Hon's) M.B.A. | 38 | 01.08.95 | General Manager (Mktg.) S.M.C. Foods Ltd., New Delhi. |

NOTE

1. Remuneration includes salary, allowances Company's contribution to Provident Fund, Leave Travel Assistance, Medical Expenses & value of other perquisites, wherever applicable.
2. None of these employees related to any Director of the company.