



**7TH
ANNUAL
REPORT**

Report **1998-99** [junction.com](http://www.reportjunction.com)

Modern Dairies Limited

**BOARD OF DIRECTORS**

Chairman

Mr. Amarjit Goyal

Managing Director

Mr. Krishan Kumar Goyal

Mr. Yash Mahajan

Mr. Kulwant Singh

Dr. B.N. Mathur

Mrs. Alka Goyal

Mr. M.K. Chanduka (Nominee IFCI)

Brig. Jogindar Singh (Retd.) (Nominee BIFR)

Mr. H. S. Oberoi, Director (Operations)

AUDITORS

M/s. A. Goel & Associates,

Chartered Accountants

BANKERS

Punjab National Bank

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

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REGISTERED OFFICE & WORKS136 Km., G.T.Road,
Karnal - 132 001
(HARYANA)**REGISTRARS & SHARE TRANSFER AGENTS**

WISEC Global Limited

B-6/6, DDA Commercial Complex,
Safdarjung Enclave,
New Delhi - 110 029



Modern Dairies Limited

NOTICE

NOTICE is hereby given that the 7th Annual General Meeting of the Company will be held at its Registered Office at 136 KM, G.T.Road, Karnal-132 001 (Haryana) on Wednesday, the 11th August, 1999 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, 1999 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Yash Mahajan, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Kulwant Singh, who retires by rotation and being eligible offers himself for reappointment.
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.

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. The Register of Members and Share Transfer Books of the Company will remain closed from 5th August, 1999 to 11th August, 1999 (Both days inclusive).
3. **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.

By Order of the Board

PLACE : Chandigarh
DATED : 12th July, 99

KRISHAN KUMAR GOYAL
Managing Director

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

DIRECTOR'S REPORT

Your Directors present their Seventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

OPERATIONS

During the fiscal 1998-99, the Company's turnover increased to Rs.105 crores as against Rs. 85 Crores in the previous year. Milk procurement this year also witnessed tough conditions but your Company could manage to process 13% more milk than last year. The performance of the Company has improved due to lower financial cost which has come down to Rs. 206.00 lacs against the last year Rs. 436.00 lacs. The operations has resulted into profit of Rs.70 lacs as compared to loss of Rs.166 lacs in the previous year. During the year, BIFR sanctioned rehabilitation scheme and reliefs and concessions have been sanctioned by IFCI, PNB and Govt. of Haryana. Consequently, Rs. 634 lacs of previous year's interest has been waived off and accounted for in the current financial year resulting into the net profit of Rs. 704 lacs.

FUTURE PLANS

Effective steps are being taken to further improve and strengthen milk collection system and capacity utilization of the Dairy Plant. To improve the profitability of the Company plans are to strengthen city supply of the liquid milk, Cheese Production and other value-added products.

ISO 9002 RECOGNITION

Your Directors are happy to inform that during the year your Company got ISO-9002 Certification by DNV, Norway with accreditation from RvA Netherlands. This certification is available to very few Dairy Plants in the country.

YEAR 2000 (Y2K)

The Company's major computer system and Software are Y2K compliant. Additional testing and correction is underway and Company is confident of mitigating the risks by September,99.

LISTING OF SHARES

The shares of the Company have been listed with Ludhiana, Delhi and Mumbai Stock Exchanges.

DIRECTORS

Mr. Yash Mahajan and Mr. Kulwant Singh, who retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

During the year Brig. Jogindar Singh (Retd.) has been nominated as a Director by the Board for Industrial and Financial Reconstruction (BIFR) w.e.f. 23rd June, 1999.

AUDITORS

M/s A.Goel & Associates, Auditors of the Company, hold office until the conclusion of forthcoming Annual General Meeting and are recommended for reappointment. 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 relation 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 as amended, are not given as no employee was in receipt of remuneration exceeding Rs.6,00,000/- per annum, if employed for the full year or Rs.50,000/- p.m. if employed for the part of the year.

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) Rule, 1988, is given in the annexure forming part of the report.

APPRECIATION

Yours Directors wish to place on record their sincere thanks to the Industrial Financial Corporation of India Ltd. BIFR, Punjab National Bank and Govt. of Haryana for their valuable support & co-operation.

For & on behalf of the Board

PLACE : Chandigarh

DATED : 12th July, 1999

AMARJIT GOYAL

CHAIRMAN



Modern Dairies Limited

ANNEXURE TO DIRECTORS' REPORT

Information as per section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the ended 31st March, 1999.

FORM A

A. POWER & FUEL CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
POWER		
a) Electricity Power		
Purchase Units (Kwh)	40,01,288	33,75,692
Total Amount (Rs.)	1,56,62,898	1,11,92,448
Rate per unit (Rs.)	3.91	3.32
b) Other Generation		
Through Diesel Generators		
Units (kwh)	13,70,117	10,44,247
Total Amount (Rs.)	38,15,155	27,65,806
Unit per litre of Diesel oil	3.49	3.48
Cost/Unit (Rs.)	2.78	2.64
FUEL		
Quantity (M.T.)	13,906	13,022
Total Amount (Rs.)	1,37,21,090	1,33,10,536
Rate/Unit (Rs. per M.T.)	986.70	1,022.00
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products		
Liquid Milk, Skim Milk Powder, Whole Milk Powder, Dairy Whitener, Pure Ghee & Butter etc.		
Unit per kgs. of milk processed.	1000 Kgs.	1000 Kgs.
Electricity (Kwh)	59.86	55.84
Fuel Quantity (Kgs.)	154.98	164.51

NOTE

As the company manufacture several products, it is impracticable to apportion the utilities to different products. However, consumption of electricity and fuel has been given per thousand Kgs. of milk processed.

FORM B**I TECHNOLOGY ABSORPTION****1) Research & Development (R&D)**

Quality of Cheese (Mozzerella, Chaddar & Processed Cheese) has been standardised for consumer acceptance through research & development.

2) Technology Absorption, Adaptation and innovation

Use of bagasse as fuel has been standardised to bring down fuel cost.

II FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with regard to Foreign Exchange earning and outgo appear on the relevant Schedules of the Balance Sheet.

For & on behalf of the Board

Place : Chandigarh

AMARJIT GOYAL

Dated : 12th July, 1999

Chairman

AUDITORS' REPORT

To

The Members,
Modern Dairies Limited,
KARNAL

Dear Sirs,

We have audited the attached Balance Sheet of **MODERN DAIRIES LIMITED**, as at 31st March, 1999 and the annexed Profit & Loss Account of the Company for the year ending on that date and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956. We enclose in the Annexure a Statement on matters specified in paragraph 4 and 5 of the said order.
2. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
3. In our opinion, proper books of account, as required by Law, have been kept by the Company so far as it appears from our examination of the books.
4. The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account.
5. In our opinion the Profit & Loss A/c and the Balance Sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts & subject to notes appearing in Schedule (XIII) give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and,
 - b) in the case of Profit and Loss account of the Profit for the year ending on that date.

For A.GOEL & ASSOCIATES
Chartered Accountants

Place : Chandigarh
Dated : 5th June, 1999

ASHOK K. GOEL
Partner

ANNEXURE TO THE AUDITORS' REPORT

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report : (Ref. Para 1 of the Report)

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets. As per the information and explanations given to us, the Company has a regular programme of physical verification of fixed assets, and in accordance with this programme, the management has carried out a physical verification of certain fixed assets of the Company. In our opinion, the frequency of verification of fixed assets by the management is at reasonable intervals, having regard to the size of the Company and the nature of the assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts, packing material and raw materials have been physically verified by the management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.