



8TH

ANNUAL

REPORT

1999-2000

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

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

Mr. Ashok Kumar Grover (Nominee Govt. of Hry.)

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

AUDITORS

M/s A. Goel & Associates.

Chartered Accountants

BANKERS

Punjab National Bank

HEAD OFFICE

SCO 98-99, Sub-City Centre,

Sector 34, Chandigarh - 160 022

REGISTERED OFFICE & WORKS

136 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

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NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of the Company will be held at its Registered Office at 136 KM, G.T. Road, Karnal- 132 001 (Haryana) on Saturday, the 9th September, 2000 at 11 a.m. to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2000 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. B.N. Mathur, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Smt. Alka Goyal, who retires by rotation and being eligible offers herself 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.

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 pursuant to the provisions of Section 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, 2000 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 authorized 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"

6. To consider and if thought fit, to pass the following resolution with or without modification(s) as SPECIAL RESOLUTION :-

RESOLVED THAT pursuant to provision of Section 31 and other applicable provision, if any of the Companies Act, 1956 and subject to the approval of members in their General Meeting, the Articles of Association of the Company be and hereby amended as follows:

A. The following new additional sentence be included in Article 1 after the definition of Register.

'Member' Member in respect of dematerialised shares means the beneficial owner thereof, i.e. the person whose name is recorded as a beneficial owner in the Register maintained by a Depository under the Depositories Act, 1996 and in respect of other shares the person or persons whose name is duly registered as a holder of a share in the company from time to time and includes the subscribers to the Memorandum of Association.

B. The following heading and Article be inserted as Article 46A after Article 46 of the Articles of Association of the Company.

Dematerialisation of Securities Definitions

(1) 46A for the purpose of this Article :-

'Beneficial owner' means a person of persons whose name is recorded in the Register maintained by a Depository under the Depositories Act, 1996.

'SEBI' means the Securities and Exchange Board of India

'Depository' means a Company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the Securities and Exchange Board of India Act, 1992.

'Security' means such securities as may be specified by SEBI from time to time.

Dematerialisation of Securities

(2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialised form pursuant to the provision of the Depositories Act, 1996 or otherwise.

Issue of Securities and option for investors

(3) Notwithstanding anything contained in these Articles, every issue of security by the Company shall be in the dematerialised form and the company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to dematerialise the share subsequent to the allotment or dematerialisation, as the case may be, in which event the company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines. The shares so dematerialised shall bear new distinguishing numbers so as to identify them from the shares not dematerialised.

Securities in depository mode to be in fungible form

(4) All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply.

Right of Depositories and Beneficial Owners.

(5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner to the register maintained by the depository shall be deemed to be a member of the company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

Service of documents

(6) Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository mode, the records of the beneficial owner may be served by a depository on the company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities

(7) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee

both of whom are entered in the Register maintained under the Depository Act by a Depository as beneficial owners.

Distinctive number of securities held in the depository mode

(8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

Register and Index of Beneficial Owners

(9) The Register and Index of beneficial owners maintained by a depository under the Depository Act, 1996 shall be deemed to be the Register and index of members and holders of securities for the purpose of these Articles and the Act".

By order of the Board

Place : Chandigarh
Dated : 26.06.2000

KRISHAN KUMAR GOYAL
MANAGING DIRECTOR

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 5th September, 2000 to 9th September, 2000 (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



Modern Dairies Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

The last tenure of Shri H.S. Oberoi, Director (Operations) ended on 22nd May, 2000. He joined the Company on 16.4.1993 and elevated to the Board as Director on 23rd May, 1997 for three years. Shri H.S. Oberoi is B.Sc. (Dairy Technology) has rich experience of Production, Marketing and Management and keeping in view his large contributions, the Board of Directors has reappointed Shri H.S. Oberoi for another term of three years w.e.f. 23rd May, 2000.

The terms and conditions including remunerations payable by him are as under :-

REMUNERATION

A. Salary

A Salary of Rs. 35,000/- (Rupees thirty five thousand only) per month.

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 as per Company's Rules.

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 purpose 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 terminated 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 of interest under Section 302 of the Companies Act, 1956.

The Directors recommended the Resolutions set out at item No. 5 for approval of the Members.

Except Shri H.S. Oberoi, no other Director is concerned or interested in the Resolution at Item No. 5.

ITEM NO. 6

Consequent upon the direction of Security Exchange Board of India that the trading in scrips of our Company would be compulsory in dematerialised form w.e.f. 30th October, 2000, it has, therefore become necessary to alter the Articles of Association of the company as proposed in the resolution as set out at item No. 6 of accompanying Notice.

Your Director recommended the Special resolution for approval of the members.

No Directors of the Company is concerned or interested in the said resolution except to the extent of his shareholding.

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 : 26.06.2000

KRISHAN KUMAR GOYAL
MANAGING DIRECTOR

DIRECTOR'S REPORT

Your Directors present the Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2000.

PERFORMANCE

Fiscal 1999-2000 was a tough year for the dairy industry as a whole because of unrestricted import of skimmed milk powder and butter oil from countries where the dairy industry is heavily subsidised. Large import of skimmed milk powder at zero duty and butter oil at minimum duty indeed played havoc with the Indian dairy industry. Consequently, during fiscal 1999-2000, your company also could not escape adverse impact of these large imports on its operations when its turnover reached Rs.100.48 crore against Rs.105.23 crore in the previous year. Profit margins also came under severe pressure despite several cost containment steps. As a result, company could generate a modest profit of Rs.12 lacs against Rs. 70 lacs for fiscal 1998-99.

Notwithstanding the difficult operating conditions which dominated the market throughout financial 1999-2000, the Company has been able to achieve significant breakthrough in its endeavours towards development of new products. The Directors reports with satisfaction that during the year under review, the Company had successfully launched value-added products like Processed Cheese and Flavoured Milk under the brand name COWBELL & MILK PLUS respectively. Both these products have been well received in the Market. The Company has further strengthened its commercial arrangement with Britannia Industries Ltd. for supply of pure ghee in consumer packs in addition to the table butter which Britannia Industries has been sourcing from the Company for quite sometime.

Members will be glad to learn that the Company has repaid all its dues to the IFCI under Rehabilitation Package approved by BIFR.

CURRENT OPERATIONS

The Directors report with regret that fiscal 2000-2001 has begun on a low keynote entirely on account of Company's products at un-remunerative because of large imports of skimmed milk

powder and butter oil at prices un-favourable to Indian dairy industry. As a result, April- May turnover reached Rs.12.70 crore as against Rs. 20.00 crores achieved during the same period last year. In this connection, Directors wish to make a mention that despite sustained efforts and close follow - up of more than one year with Central Govt., It was only in mid June that the Govt. levied import duty on skimmed milk powder against earlier zero duty regime. This levy will enable the indigenous dairy industry to cope up with the competition offered by the Foreign Brands.

DEMAT OF THE COMPANY'S SHARES.

Members may please note that in pursuance of SEBI directives the Company has decided to dematerialize its shares w.e.f. 30th October, 2000 and all necessary steps are being taken in this regard.

YEAR 2000 (Y2K)

The Company had a successful transition into the new millennium without facing any problem on Y2K account in computer based system, both hardware and software.

ISO 9002

Your Company's manufacturing facilities continue to maintain the prestigious ISO 9002 certification by DNV, Norway with accreditation from RVA Netherlands. The Company is further working on quality & food safety certification of HACCP (Hazardous and Critical Control Point).

DIRECTORS

Members may note that the tenure of Mr. H.S. Oberoi, Director (Operations) ended on 22nd May, 2000. Mr. Oberoi has been associated with the Company since the beginning of operations. Having regard to his large contributions, the Board of Directors are pleased to recommend the re-appointment of Mr. H.S. Oberoi, as Director (Operations) for a period of three years w.e.f. 23.05.2000 as per the terms and conditions contained in the Resolution for the approval of shareholders at the forth - coming Annual General Meeting.