

**BOARD OF DIRECTORS**

Chairman & Managing Director

Mr. Krishan Kumar Goyal

Dr. Bhupendra Nath Mathur

Mr. Amarjit Goyal

Mrs. Alka Goyal

Prof. Satish Kapoor

Dr. A.K. Vashisht

Mr. V. Srinivasan, (Nominee Director)

Mr. Ashwani Kumar Aggarwal, Director (Operations)

**COMPANY SECRETARY**

Ms. Anubha Garg

**AUDITORS**

M/s. Walker, Chandio & Co.

Chartered Accountants

**BANKERS**

Punjab National Bank

State Bank of India

Canara Bank

**CORPORATE OFFICE**

SCO 98-99, Sub City Centre,

Sector 34, Chandigarh-160 022. India

**REGISTERED OFFICE & WORKS**

136 KM, G.T. Road,

Karnal - 132 001 (Haryana)

**REGISTRARS & SHARE TRANSFER AGENTS**

M/s MCS Limited

F- 65, 1st Floor, Okhla Industrial Area

Phase I, New Delhi - 110 020

**CONTENTS**

Notice -----	2
Directors' Report -----	5
Corporate Governance Report -----	9
Auditors' Report -----	19
Balance Sheet -----	22
Profit & Loss Account -----	23
Cash Flow Statement -----	24
Schedules -----	25



## MODERN DAIRIES LIMITED

### NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of Modern Dairies Limited will be held at its Registered Office at 136 KM, G.T. Road, Karnal – 132 001 (Haryana) on Monday, the 29<sup>th</sup> November, 2010 at 11:00 a.m. to transact the following business:

#### AS ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit & Loss Account of the Company for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Amarjit Goyal, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Prof. Satish Kapoor, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. Walker, Chandio & Co., Chartered Accountants, are eligible for re-appointment.

#### AS SPECIAL BUSINESS :

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

"RESOLVED THAT Dr. A.K. Vashisht, who was appointed as Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice of intension u/s 257 of the Companies Act, 1956 from a shareholder signifying his intension of proposing the name of Dr. A.K. Vashisht for appointment as Director, be and is hereby appointed as Director of the Company, whose term of office shall be liable to be

determined to retire by rotation as per provisions of the Companies Act, 1956 and Articles of Association of the Company."

By order of the Board

Place : Chandigarh

Dated: 2<sup>nd</sup> November, 2010

Anubha Garg

Company Secretary

### NOTES:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll) instead of himself/herself and the proxy need not be a member of the Company. 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. A proxy so appointed shall not have any right to speak at the meeting.
- (ii) The explanatory statement u/s 173(2) of the Companies Act, 1956 regarding item no. 5 of the notice is annexed hereto.
- (iii) The Register of Members and share transfer books of the Company will remain closed from 25<sup>th</sup> November, 2010 to 29<sup>th</sup> November, 2010 (both days inclusive) for Annual General Meeting purpose.
- (iv) Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their addresses, bank details, mandate etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better services to the members.
- (v) Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31<sup>st</sup> March, 2010, may send their queries at least 10 days before the Annual General Meeting to the Company Secretary at Company's Office at SCO 98-99, Sub-City

Centre, Sector 34, Chandigarh - 160 022.

(vi) Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, is annexed hereto.

By order of the Board

Place : Chandigarh

Anubha Garg

Dated: 2<sup>nd</sup> November, 2010

Company Secretary

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

#### **ITEM NO. 5**

Dr. A.K. Vashisht was appointed as Additional Director by the Board of Directors of the Company on 2<sup>nd</sup> November, 2010. In terms of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, he holds office upto the conclusion of 18<sup>th</sup> Annual General Meeting. A notice has been received from a shareholder under Section 257 of the Companies Act, 1956 signifying his intension of proposing the name of Dr. A.K. Vashisht as Director of the Company liable to retire by the rotation.

Dr. Vashisht aged about 54 years is a Professor with University Business School, Panjab University, Chandigarh. He is M.Com, M.Phil, Ph.D, L.L.B. and has vast experience in the field of Accounting, Finance & Banking.

He is life member of Indian Commerce Association and Chandigarh Management Association and member of Panel of Experts of AICTE.

Your Board of Directors feel that his rich knowledge and experience shall be highly beneficial to the Company.

#### **MEMORANDUM OF INTEREST**

None of the Directors except Dr. Vashisht himself is either concerned or interested in the aforesaid resolution.

### **INFORMATION REGARDING DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 29<sup>TH</sup> NOVEMBER, 2010 PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

**1. Name of Director : Mr. Amarjit Goyal**

**Date of Birth : 21.09.1935**

**Date of Appointment : 22.04.1992**

**Expertise in Specific Functional Area:** Mr. Amarjit Goyal is Promoter-Director of the Company. He is a well known personality in the Indian Iron & Steel Industry, having experience in manufacturing, rolling & marketing of Iron & Steel products. He has rich experience of Management and Administration.

**Qualification:** F.Sc

**List of other Directorships held:**

- i) Modern Steels Ltd.
- ii) Nabha Finance Pvt. Ltd.
- iii) Mala Builders Pvt. Ltd.
- iv) Bharat Forgings Pvt. Ltd.

**Chairman/Member of the Committee of the Board of Directors of the Company:** NIL

**Chairman/Member of the Committee of Directors of other Companies:** NIL

**Holding in the Company:** As on 31.03.2010, Mr. Amarjit Goyal holds 500200 Equity Shares of the Company.

**2. Name of Director : Prof. Satish Kapoor**

**Date of Birth : 22.10.1946**

**Date of Appointment : 27.07.2002**

**Expertise in Specific Functional Area:** Prof. Satish Kapoor has rich knowledge in International Marketing and Logistic. He has retired as Chairman of University Business School, Panjab University, Chandigarh and was Dean of Faculty of Management.

**Qualification:** Engineering graduate from I.I.T. Madras, M.B.A. from State University of New York and Doctorate from Panjab University, Chandigarh.

**List of other Directorships held:** NIL



## MODERN DAIRIES LIMITED

**Chairman/Member of the Committee of Board of Directors of the Company:**

Audit Committee	- Chairman
Investors Grievance Committee	- Chairman
Allotment Committee	- Chairman
Banking & Finance Committee	- Chairman
Remuneration Committee	- Member

**Chairman/Member of the Committee of Directors of other Companies: NIL**

**Holding in the Company:** As on 31.03.2010, Prof. Satish Kapoor holds Nil equity shares of the Company.

**3. Name of Director : Dr.A.K. Vashisht**

**Date of Birth :** 10.07.1956

**Date of Appointment :** 02.11.2010

**Expertise in Specific Functional Area:**

Dr. Vashisht is a Professor with University Business School, Panjab University, Chandigarh. He has rich knowledge in Accounting, Finance and Banking.

**Qualification:** M.Com, M.Phil, Ph.D., L.L.B.

**List of other Directorships held:** NIL

**Chairman/Member of the Committee of the Board of Directors of the Company:** NIL

**Chairman/Member of the Committee of Directors of other Companies:** NIL

**Holding in the Company:** As on 31.03.2010, Dr. Vashisht holds Nil equity shares of the Company.

**DIRECTORS' REPORT**

Dear Members,

Your Directors hereby present their 18<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

**FINANCIALS**

	Year Ended <b>31.03.2010</b>	₹ in Lacs Year Ended 31.03.2009
Net Sales and other Income	<b>44684</b>	46108
Operating Profit/ (Loss)	<b>1409</b>	(1238)
Interest	<b>1001</b>	1126
Cash Profit/ (Loss)	<b>408</b>	(2364)
Depreciation	<b>710</b>	743
(Loss) before Tax	<b>(302)</b>	(3107)
Net (Loss)	<b>(177)</b>	(2600)

**PERFORMANCE**

During the year under review, the net sales and other income is ₹ 446.84 crores against ₹ 461.08 crores in the previous year. The operating profit in the year are ₹ 14.09 crores as against loss of ₹ 12.38 crores last year. The Company's exports are ₹ 45.83 crores against ₹ 95.26 crores in the previous year.

During the year 2009-10, due to the delayed monsoon and deficit rainfall, the milk season started on a poor note. The milk availability was below expectations. Later on, the availability improved but it had an impact on the raw milk prices. The demand for company's products remained firm in the domestic market but the margins remained under pressure as the rise in selling prices was not in proportion to the increase in milk prices.

On the exports front, the market remained difficult. The Global recession that started in the middle of the last fiscal, continued in the year of 2009-10. The first two quarters of the financial year were the worst hit which started recovering in the later part of the year. Due to continued recession impact on demand in the international market, Unit II operations were affected. This resulted into lower exports of nutritional ingredients i.e. acid casein and rennet casein during this year.

Your Company entered into a manufacturing contract with a Food Major for supply of Set Curd (Plain) in their Brand for Delhi Metro and other towns of Punjab and Haryana. The commercial production commenced in November 2009. The product has been well accepted in the market.

**CURRENT OPERATIONS**

The first half of the current year 2010-11 continued to be difficult. The Company achieved Net sales and other Operating Income of ₹ 193.43 crores as against ₹ 159.75 crores during the same period last year. The export sales are ₹ 24.89 crores as against ₹ 11.99 crores during the same period last year.

The domestic market products' sale remained firm but the export volumes remained much lesser than expected. The exports continued to remain weak due to the unremunerative selling price against the cost of raw milk and the cost of production.

Further, the strengthening of Indian Rupee against the US Dollar has also adversely impacted the company's export operations.

Currently, the milk availability has started improving due to the onset of flush season. As the rainfall have been good this year, it is anticipated that the over all availability of milk in the coming flush season shall be better than the previous year.

**QUALITY, FOOD SAFETY & ENVIRONMENT STANDARDS**

(ISO 9001:2008, ISO 14001:2004 and HACCP Certifications) In its commitment to maintain best of the management practices, your Company's manufacturing facilities were upgraded to the latest version of ISO 9001:2008 from ISO 9001 : 2000 in January 2010. The facilities continue to maintain ISO 14001:2004 and HACCP Certification. In line with the policy for continual improvement in Quality & Food Safety Systems the Company is also certified as ISO 22000:2005 from July 2010 onwards by DNV Netherlands, a leading International Certification Company.

**DIRECTORS**

Punjab National Bank has appointed Mr. V. Srinivasan as its Nominee on the Company's Board w.e.f 19<sup>th</sup> February, 2010.

Mr. Amarjit Goyal and Prof. Satish Kapoor, Directors of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Dr. A. K. Vashisht has been appointed as an Additional Director by the Board of Directors in its meeting held on 2nd November, 2010 and as such he holds office till the conclusion of forthcoming Annual General Meeting. A notice under section 257 of the Companies Act, 1956 has been received proposing the name of Dr. A.K. Vashisht as Director, liable to retire by rotation.

**AUDITORS**

M/s. Walker Chandio & Co., Statutory Auditors of the Company hold office until the conclusion of



## MODERN DAIRIES LIMITED

forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors have appointed M/s. V. Kumar & Associates as Cost Auditors of the Company for the year 2010-11 to conduct the cost audit and the Company has got approval from the Central Government for the same.

### AUDITOR'S REPORT

All the comments of the Statutory Auditors on the Annual accounts are self explanatory and requires no further explanation.

### FIXED DEPOSITS

The outstanding deposits at the end of the fiscal year under review amount to ₹ 446.01 Lacs (Previous year ₹ 340.78 Lacs). There are no overdue deposits.

### CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

A separate report on Corporate Governance and Management Discussion & Analysis is attached to this report.

### HUMAN RESOURCES

Harmonious employee relations prevailed throughout the year. Your Directors place on record their appreciation for all categories of employees for their hard work and dedication.

The statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is enclosed as Annexure 'A' and forms part of this report.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, is given in the Annexure 'B' and forms part of this report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed and that there were no material departures.

- (ii) The accounting policies selected by them have been applied consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the Company as on 31<sup>st</sup> March, 2010 and Loss of the Company for the year ended 31<sup>st</sup> March, 2010.
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

### APPRECIATION

Your Directors wish to place on record their sincere appreciation for the continued support from its Bankers and to all business associates of the Company.

For & on behalf of the Board

Place: Chandigarh

Krishan Kumar Goyal

Dated: 2<sup>nd</sup> November, 2010

Chairman & Mg. Director

### MANAGEMENT DISCUSSION AND ANALYSIS INDUSTRY STRUCTURE & DEVELOPMENTS

Despite the fact that India continues to hold the status of largest milk producing Country in the World, with a compounded annual growth rate (CAGR) of around 4%, its contribution to the International dairy trade is insignificant. This is largely because there is robust demand for the Dairy Products in the domestic market due to the economic growth in the country.

This has resulted in the rise in milk prices at the farm gate level, thereby encouraging the milk producers to go in for organized dairy farming. The country is likely to see in the coming years organized milk production and the growth rate is also expected to go up further. The Government of India has set up a national dairy plan to increase milk production in the country to achieve a target of more than 5% growth rate.

With the increased international exposure, the demand for value added Dairy Products on the pattern of developed countries is likely to go up and it is expected that the domestic market will also see new products on the retail shelf in the coming times.

### OPPORTUNITIES AND THREATS

The domestic market continues to be strong and the industry expects good opportunities for marketing its dairy products in the domestic market.

The impact of global economic recession is still being felt in developed nations, there by resulting in low demands and prices of dairy products in the International market. The Indian dairy exports continued to be adversely affected due to technical barriers to trade like restrictions on export of Edible Grade Dairy Products from India into the EU nations. There are other countries too like Russia, Mexico, Malaysia, Brazil, where Indian products cannot be exported due to non availability of Mutual Trade Agreement between India and respective countries.

## RISK & CONCERN

Like any agro based industry, the dairy industry is also dependent on the vagaries of nature which affect the production of milk. The milk being perishable can't be stored for processing at a later stage.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a proper and adequate system of internal controls to ensure that transactions are properly recorded, authorized and reported.

The Company has in place well documented and structured systems and procedures in line with the best of practices and well defined roles and responsibilities for people in all functions at various levels. The Company is certified as ISO 9001:2008 (Quality Management System Standard), ISO 14001:2004 (Environmental Management System Standard), ISO 22000:2005 (Food Safety Standard), HACCP (Food Safety System) by DNV, Netherlands.

There is adequate Management Information System. Management review meetings are held periodically to monitor and control functions of the Company. Internal

audit on regular basis is carried out to ensure proper control.

## FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

During the year under review the Company achieved net sales and other income of ₹ 446.84 crores as against ₹ 461.08 crores in previous year. It has net loss of ₹ 3.02 crores as compared to Net loss of ₹ 26.00 crores during the previous year. The Company exported products worth ₹ 45.83 crores during the year as compared to ₹ 95.26 crores during the last year.

## HUMAN RESOURCES

The Company regards its employees as valuable asset and continuously reviews and evolves policies and procedures to attract and retain its pool of technical and managerial personnel through a conducive work environment.

## CAUTIONARY STATEMENT

The Management Discussion and Analysis report may contain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence the Company's operations such as Government policies, local, political and economic development, risk inherent to the Company's growth and such other factors.

For & on behalf of the Board

Place: Chandigarh

Krishan Kumar Goyal

Dated: 2<sup>nd</sup> November, 2010

Chairman & Mg. Director

## Annexure 'A' to Directors Report

Statement pursuant to section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

S. No	Name	Age (Years)	Designation/ Nature of Duties	Gross Remuneration ₹	Qualification	Total Experience (Years)	Date of Commence -ment of Employment	Previous employment/ position held
1	Mr. Krishan Kumar Goyal	54	Chairman & Managing Director	6030169	B.Com., LLB	32	22.04.92	Mg. Director & CEO Modern Steels Ltd.

Notes: (1) Gross remuneration comprises salary, allowances, monetary value of perquisites and the Company's contribution to Provident and Superannuation Funds but excludes contributions to Gratuity Fund. Mr. Goyal is also Mg. Director & CEO of Modern Steels Limited.

(2) The nature of employment is contractual.

For & on behalf of the Board

Place : Chandigarh

Krishan Kumar Goyal

Dated : 2<sup>nd</sup> November, 2010

Chairman & Mg. Director



## MODERN DAIRIES LIMITED

### Annexure 'B' 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 year ended 31<sup>st</sup> March, 2010.

#### FORM 'A'

##### A) POWER AND FUEL CONSUMPTION

	Current year 2009-10	Previous Year 2008-09
<b>POWER</b>		
<b>a) Electricity Power</b>		
Purchase Units (Kwh)	1,39,51,301	1,28,70,003
Total Amount ₹	6,21,28,989	5,76,49,083
Rate per Unit ₹	4.45	4.48
<b>b) Other Generation Through Diesel Generator</b>		
Unit (Kwh)	13,58,328	39,17,531
Total Amount ₹	1,22,56,282	3,80,72,734
Unit per litre of Diesel Oil	3.50	3.38
Cost / Unit ₹	9.02	9.72
<b>FUEL</b>		
Quantity (MT)	23,441	30,512
Total Amount ₹	6,84,48,000	9,39,37,265
Rate / Unit ₹ per MT	2,932.52	3,078.70

##### B) CONSUMPTION PER UNIT OF PRODUCTION

Products :Liquid Milk, Skimmed Milk Powder , Whole Milk Powder, Dairy Whitener, Pure Ghee, Butter, Casein, WPC, Lactose etc.

Unit per 1000 kgs. of milk processed

Electricity (Kwh)	77.63	77.94
Fuel Quantity (Kgs.)	112.26	141.66

#### NOTE :

As the Company manufactures 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'

##### 1. RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

As per the requirement of overseas customers we have developed a Casein premix i.e. a blend of milk proteins and other ingredients for production of cheese. The response from the market is encouraging.

##### 2. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For & on behalf of the Board

Place : Chandigarh  
Dated : 2<sup>nd</sup> November, 2010

Krishan Kumar Goyal  
Chairman & Mg. Director

**CORPORATE GOVERNANCE REPORT**

In line with the requirement for providing a "Report on Corporate Governance" as per Clause 49 of the revised Listing Agreement of the Stock Exchange as applicable, given below is a report on Company's Corporate Governance norms.

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Modern Dairies Limited is committed in adopting the best practices of Corporate Governance. The Company endeavours to act on the principles of transparency, accountability, trusteeship and integrity. The ultimate objectives being of realising long term shareholder value, while taking into account the interest of other stakeholders.

**1. BOARD OF DIRECTORS****A. Composition of the Board of Directors**

A list of directors including the Chairman of the Board and their status as executive / non-executive and independent / non-independent for the year ended 31<sup>st</sup> March, 2010 is set out below:-

Name of the Director	Category of the Director	No of Board meetings attended	No of other Directorships in Public Company	No. of Committee positions held		Last AGM attended
				Chairman	Member	
<b>Mr. Krishan Kumar Goyal</b>	Chairman & Managing Director-Non Independent (Promoter) Director	5	3	-	1	Yes
<b>Dr. Bhupendra Nath Mathur</b>	Non Executive Independent Director	5	-	-	2 <sup>E</sup>	Yes
<b>Mr. Amarjit Goyal</b>	Non Executive Non Independent (Promoter) Director	5	1	-	-	Yes
<b>Mrs. Alka Goyal</b>	Non Executive Non Independent (Promoter) Director	4	1	-	-	-
<b>Prof. Satish Kapoor</b>	Non Executive Independent Director	4	-	2	-	Yes
<b>Dr. A. K. Vashisht<sup>A</sup></b>	Non Executive Independent Director	-	-	-	-	N.A
<b>Mr. V. Srinivasan<sup>B</sup></b>	Non Executive Independent (Nominee) Director	-	-	-	-	N.A
<b>Mr. A.K. Aggarwal<sup>C</sup></b>	Executive Non Independent Director (Operations)	3	1	-	2 <sup>F</sup>	Yes
<b>Mr. Satish Tandon<sup>D</sup></b>	Non Executive Independent Director	1	5	1	8 <sup>F</sup>	N.A

<sup>A</sup> Dr. A.K. Vashisht, has been appointed as Additional Director w.e.f. 2<sup>nd</sup> November, 2010 pursuant to Section 260 of the Companies Act, 1956.

<sup>B</sup> The Punjab National Bank vide their letter No. IRD:CDR:PKJ dated 19<sup>th</sup> February, 2010 has appointed Mr. V. Srinivasan as its nominee on the Company's Board.

<sup>C</sup> Mr. A.K. Aggarwal was appointed as Director (Operations) of the Company by the Board of Directors in their meeting held on 16<sup>th</sup> November, 2009 and further the appointment was approved by the shareholders in their meeting on 23<sup>rd</sup> December, 2009 for a period of 3 years w.e.f. 16<sup>th</sup> November, 2009.

<sup>D</sup> Mr. Satish Tandon ceased to be a Director upon demise on 2<sup>nd</sup> October, 2009.



## MODERN DAIRIES LIMITED

<sup>E</sup> Dr. B.N. Mathur was appointed as member of Investors' Grievances committee w.e.f. 15<sup>th</sup> July, 2009.

<sup>F</sup> Mr. A.K. Aggarwal replaced Mr. Satish Tandon as member of Audit Committee & Investors' Grievances Committee w.e.f. 16<sup>th</sup> November, 2009.

### B. Board Meeting and Attendance

During the financial year ended 31<sup>st</sup> March, 2010, five meetings of Board of Directors were held. The details of Board Meetings held during the year are as under:-

Date of Board Meeting	Board's Strength	No of Directors Present
15 <sup>th</sup> July, 2009	6	6
1 <sup>st</sup> September, 2009	6	5
16 <sup>th</sup> November, 2009	6	6
23 <sup>rd</sup> December, 2009	6	5
30 <sup>th</sup> January, 2010	6	5

### C. Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc, are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports, information on Senior Level appointments just below the Board Level and minutes of all Committee Meetings.

The information as required under Corporate Governance is being made available to the Board as and when applicable.

## 2. COMMITTEES OF THE BOARD

### A. Audit Committee

- The Company has Audit Committee as per provisions of the Listing Agreement and under section 292A of the Companies Act, 1956. Prof. Satish Kapoor, Dr. Bhupendra Nath Mathur and Mr. A.K. Aggarwal\* are the members of the Committee.
  - The Chairperson of the Audit Committee, Prof. Satish Kapoor is a non executive independent Director.
  - All of the above Directors are financially literate and have accounting and related financial management expertise.
  - The Chairperson was present at the last Annual General Meeting to answer the Shareholders queries.
  - The Company Secretary of the Company, namely, Ms. Anubha Garg is the Secretary of the Audit Committee.
- The Committee met 4 times during the year on 15<sup>th</sup> July, 2009, 1<sup>st</sup> September, 2009, 16<sup>th</sup> November, 2009 and 30<sup>th</sup> January, 2010. The status of attendance of members at the Audit Committee was as under:

Name of Director	No. of meeting held during their respective tenures during 2009-2010	No. of Meetings attended
Prof. Satish Kapoor	4	3
Dr. Bhupendra Nath Mathur	4	4
Mr. Satish Tandon*	2	-
Mr. A. K. Aggarwal*	1	1

\* Mr. A.K. Aggarwal replaced Mr. Satish Tandon as member of Audit Committee w.e.f 16<sup>th</sup> November, 2009.