

# *Annual Report* *1996 - 97*

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**KWALITY DAIRY (INDIA) LIMITED**



**BOARD OF DIRECTORS :**

P. Wig – Managing Director  
D. K. Saha  
S. Mukhopadhyay  
S. Kapur  
S. Choudhrie

**COMPANY SECRETARY :**

V. K. Joshi

**REGISTERED OFFICE :**

74, Diamond Harbour Road  
Calcutta : 700 023

**WORKS :**

Softa Village, Palwal  
Dist. Faridabad  
Haryana.

**BANKERS :**

Standard Chartered Bank  
Vijaya Bank  
Canara Bank

**AUDITORS :**

M/s. Shaha & Co.  
Chartered Accountants  
10, Old Post Office Street  
Calcutta : 700 001

**REGISTRARS :**

PCS Industries Ltd.  
P-93 A&B C.I.T. Road  
Scheme VI M (2nd Floor)  
Calcutta : 700 054.

MD	✓		BKC	✓
CS	✓		DPY	✓
RC	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓



## NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held on Tuesday, the 12th day of August, 1997 at 11.00 A.M. at Audio Visual Centre, Zoological Gardens, Alipore. Calcutta : 700 027 to transact the following business :

**As Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. Choudhrie, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

**As Special Business**

4. To consider, and if thought fit to pass, with or without modifications, the following Resolution as a Special Resolution :

“RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, permissions, sanctions of the Securities & Exchange Board of India (SEBI), and all other concerned authorities as may be required and to the extent necessary and subject to such conditions and modifications as may be specified in granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”) the consent of the Company be and is hereby accorded to the Board to create/issue/offer and allot Equity Shares of the Company for a sum not exceeding Rs. 3,00,00,000/- (Rupees Three Crores only) on Preferential basis to the Promoters namely, Kwaliti Ice Creams (India) Ltd., Mr. Pradeep Wig, Managing Director, and/or his relatives, associates and friends and/or any other Body Corporate, person or parties, whether they are holders of Equity Shares of the Company or not, at such time or times, in the manner and on the terms and conditions as may be prescribed by the Appropriate Authorities or which the Board in its absolute discretion consider proper and expedient.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above the Board be and is hereby authorised to accept and give effect to such changes, modifications, variations, alterations, additions or deletions as regards the terms and conditions and size of the Issue as may be required by SEBI, Stock Exchanges or any other authority concerned and as the Board in its absolute discretion deem fit without requiring any further approval of the shareholders and to take such actions and do such acts, deeds, matters and things whatsoever, as may be deemed necessary for the aforesaid purpose.”

“RESOLVED FURTHER THAT any action already taken and acts done in terms of the above resolution by and with the authority of the Board be and are hereby expressly confirmed, approved and ratified.”

**By Order of the Board**

Place : Calcutta

Dated : 11th July, 1997.

**V. K. JOSHI**  
Company Secretary

## NOTES

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.
- (b) The Register of Members and Share Transfer Books will remain closed from Friday, the 1st of August, 1997 to Tuesday, the 12th of August, 1997.
- (c) A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven days prior to the Meeting so that the required information can be made available at the Meeting.
- (d) Members are requested to notify the Registrars and Share Transfer Agent M/s. PCS Industries Ltd., P-93 A & B C.I.T. Road, Scheme VI M (2nd Floor), Calcutta : 700 054 or the Company at it's Registered Office of any change in their addresses quoting their Folio Number/s.
- (e) Members who are holding multiple Folios in identical names or joint names in the same order are requested to send relevant Share Certificate(s) to the Company's Registrars and Share Transfer Agent for consolidation of such multiple Folios into a single Folio.

Place : Calcutta

Dated : 11th July, 1997.

By Order of the Board

V. K. JOSHI  
Company Secretary

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

ITEM NO . 4

Your Company has drawn up an Expansion programme aimed at achieving full utilization of the milk processing capacity of the Plant and also to launch new products for which additional funds are required.

The Promoters have agreed to provide the required finance to the Company by way of subscription to Equity shares for cash at par aggregating to a sum not exceeding Rs. 3 Crores. The consent of the shareholders is being sought pursuant to Section 81 for making the aforesaid Preferential issue of Equity shares.

Your Directors recommend the Resolution for your approval.

Mr. Pradeep Wig, Managing Director is concerned or interested in the said Resoulution.

Save as above, no Director of the Company is concerned or interested in the Resolution.

## DIRECTORS REPORT

To the Members

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

## 1. OPERATIONS REVIEW

During the year under review, the Indian Dairy industry had to face adverse market conditions, severe fluctuations in prices of raw milk and finished products coupled with increased holding of stocks as a result of which, the industry as a whole, could not perform well.

Your Company was no exception to this phenomenon and had its share of difficulties. In addition, your Company also had to contend with initial teething problems which effected commercial operations for the Year under review.

Although commercial operations started in March, 1996, production was discontinued during April and part of May for tuning of the Plant and again in June, July and August for final tuning and for certain modifications undertaken by M/s. Alfa Laval for optimizing efficiency. In effect, the Plant witnessed full fledged operations from September, 1996.

## 2. FINANCIAL RESULTS

The results for the financial year 1996-97 are as follows :

	(Rs in Lacs)	
	1996-97	1995-96
Profit before Interest & Depreciation	04.06	1.53
Interest	69.97	2.12
Depreciation	120.05	5.24
Loss after Interest & Depreciation	185.96	5.83
Net Loss carried to Balance Sheet	185.96	5.83

During the Year under review, your Company achieved a Turnover of Rs. 827 Lacs. However, the financial results for 1996-97 are not indicative of the true profitability of the Plant because firstly, a number of non-productive costs incurred during trial runs, commissioning, tuning etc., have been reflected in this year's revenue accounts and secondly, certain non - recurring expenditures have been incurred the benefits of which, will be spread over future years.

## 3. PROJECTED PROFITABILITY VS ACTUAL PERFORMANCE

The Projected Profitability Vs Actual Performance Statement pursuant to Clause 43 of the Listing Agreement is as under :

	Financial Year 1996 - 97	
	Projected	Actual
	(Rs. in Lacs)	
Profit before Interest & Depreciation	394	04.06
Interest	70	69.97
Depreciation	81	120.05
Profit before Tax	243	( 185.96 )
Tax	75	NIL
Profit after Tax	168	( 185.96 )

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**KWALITY DAIRY (INDIA) LIMITED**


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**4. PRODUCTS AND MARKETING**

The ice-cream manufacturing industry has witnessed drastic changes resulting in Mergers and Strategic Alliances between major players in the industry in recent times. Consequently, the manufacture of Ice Cream Mix Powder (ICMP) as the main product, as was conceived earlier no longer remains a viable proposition.

In the changed scenario, the product-mix has been suitably restructured whereby focus has now shifted from ICMP to other milk based products namely, Skimmed Milk-Powder (SMP), Dairy Whitener, Butter, Ghee, High Temperature Pasteurized (HTP) Liquied Milk and the like.

During the Year under review, the products manufactured by your Company include ICMP, SMP, Dairy Whitener and Ghee which were marketed on wholesale basis in New Delhi and it's adjoining areas and in the Eastern region in Calcutta and its adjoining districts.

**5. EXPANSION PROGRAMME**

In order to make optimum utilization of the installed milk processing capacity and increase profitability through better price realizations, your Company has drawn up an Expansion programme for implementation during the current financial Year.

This will enable your Company to market its existing products namely ICMP, SMP, Dairy Whitener and Ghee in consumer packs as well as launch two new product items, namely Butter and High Temperature Pasteurized (HTP) Liquid Milk.

**6. FINANCE FOR EXPANSION**

The proposed Expansion Plan to be undertaken by your Company envisages an additional investment of Rs. 3 Crores. The Promoters i.e. M/s. Kwaliti Ice Creams (India) Ltd., and the Management Group have agreed to bring in the additional funds by way of Equity for which, necessary resolutions have been proposed for your approval.

It is recommended in the best interest of your Company that the resolutions be passed.

**7. DIRECTORS**

Mr. S. Choudhrie retires from office by rotation in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offers himself for re-appointment.

Mr. V. Lamba retires from office by rotation in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company. Your Company takes this opportunity to place on record its appreciation for the valuable services rendered by Mr. V. Lamba during his tenure as Director of the Company.

**8. AUDITORS**

The Auditors of your Company M/s. Shaha & Co. Chartered Accoluntants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**9. TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In accordance with the requirements of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a Statement showing particulars with respect to Conservation of Energy, Technology Absorption