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ANNUAL REPORT  
**2009-10**



**KWALITY DAIRY (INDIA) LIMITED**

An ISO 9001 : 2008 & HACCP CERTIFIED COMPANY



**Hon'ble Union Finance Minister Mr. Pranab Mukherjee, Mr. Namo Narain Meena, Minister of State, Ministry of Finance, Govt. of India (Banking) and Mr. R. Gopalan, Secretary Banking, facilitating Mr. Sanjay Dhingra, Managing Director (KDIL)**

# Corporate Information

**Directors**

Mr. Gulshan Dhingra	(Chairman)
Mr. Sanjay Dhingra	(Managing Director)
Mr. Arun Srivastava	(Independent Director)
Dr. R.S. Khanna	(Independent Director)

**Company Secretary & Compliance Officer**

Ms. Pooja Gupta

**Auditors**

Mukesh K. Arora & Co.  
Chartered Accountants,  
64, Adarsh Nagar, Karnal,  
Haryana - 132001

**Bankers**

Allahabad Bank  
Axis Bank Limited  
ICICI Bank Limited  
Indusind Bank  
Punjab National Bank  
Standard Chartered Bank

**Registered office & Works**

Village Softa, Tehsil Palwal,  
Faridabad, Haryana – 121 004, India

**Corporate Office**

KDIL House  
F-82, Shivaji Place, Rajouri Garden,  
New Delhi – 110 027

**Registrar and Share Transfer Agents**

Skyline Financial Services Pvt. Ltd.  
D – 153/A, 1st Floor, Okhla Industrial Area,  
Phase I, New Delhi – 110020







New Products Launches

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**The Managing Director, Mr. Sanjay Dhingra, inaugurating the Product Launch at New Delhi**

## NOTICE FOR EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of KWALITY DAIRY (INDIA) LIMITED will be held on Monday, the 27th day of September, 2010 at 11.00 A.M at Registered Office of the Company at Village Softa, Tehsil Palwal, Faridabad, Haryana – 121004, to transact the following business: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2009-10.
3. To appoint a Director in place of Mr. Gulshan Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution with or without modification(s) the following resolution as ordinary resolution :

“RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. P.P. Mukerjee & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company , to hold the office until the conclusion of this meeting until the conclusion of the next Annual General Meeting at remuneration to be fixed by the Board of Directors and reimbursement of out-of-pocket expenses, travelling and other expenses incurred by them for carrying the audit.”

### SPECIAL BUSINESS:

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

**RESOLVED THAT** pursuant to Section 260 of the Companies Act, 1956 , Dr. Rattan Sagar Khanna, who was appointed as an Additional Director with effect from 18th May, 2010 and who holds office upto the date of this Annual General Meeting and pursuant to Section 257 and other applicable provisions, if any of the Companies Act, 1956 Dr. Rattan Sagar Khanna be and is hereby elected as a Director of the Company, liable to retire by rotation.

6. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution:

“**RESOLVED THAT** Articles of Association of the Company be amended by substituting the following new Article 94 in the place of the existing Article 94.”

The new Article 94 will read as follows :

“Until otherwise determined by the Company in General Meeting, each Non Executive Director shall be entitled to receive out of funds of the company, for his services in attending meeting of the Board, such sitting fees as may be fixed by the Board from time to time not exceeding ₹ 10,000/- (Rupees Ten Thousand only) (exclusive of travel and out of pocket expenses) per Director for each Meeting of the Board or Committee thereof attended . All other remuneration, if any payable by the Company to each Director, whether in respect of his services as a Managing Director or Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and applicable provisions of the Companies Act 1956. The Director shall be entitled to be paid all fees for filing documents which they may be required to file under the Act and shall also be entitled to be paid their reasonable travelling, hotel and other expenses incurred in consequence of their attending at Board and committee meetings or otherwise incurred in the execution of their duties as Director.

7. To consider and if thought fit to pass, with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any modification or re-enactment thereof, for the time being in force), and other applicable laws, rules and regulations and in accordance with the Memorandum and Articles of Association of the Company and the Listing Agreements between the Company and the Stock Exchanges where the Company's shares are listed, and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Registrar of Companies, NCT of Delhi & Haryana and/or any other authorities and subject to such conditions, alterations and modifications as may be prescribed by the concerned authorities while granting such approvals/permissions and sanctions, which the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee(s) duly constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorized at its discretion to accept, consent of the Company be and is hereby accorded to the offer, issue and allot (including with provisions for reservations on firm and /or competitive basis, of such part of issue



and for such categories of persons including employees of the company as may be permitted) by way of Rights Issue and/or Public Issue and/or Private Placement and/or Qualified Institutional Placements under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and/or against subscription in foreign/Indian currency, through prospectus and/or offering circular/letter, equity shares in the Company (which shall rank pari-passu with the existing equity shares in the Company) (the “Shares”), and/or any other equity related instrument with or without warrants, NCDs/PCDs with or without warrants and/or Global Depository Receipts (“GDRs/GDSs”) and/or American Depository Receipts (“ADRs/ADSs”) against the issue of underlying Shares and/or Foreign Currency Convertible Bonds (“FCCBs”) convertible into equity shares (herein referred to as the “Securities”), to resident or persons resident outside India including foreign institutional investors/Qualified Institutional Buyers (QIBs)/companies/individuals in India and abroad as may be permitted under applicable laws, rules & regulations and policy whether or not they are members of the Company in such form and terms, including as to pricing, the ratio in which such Securities may be offered, issued and allotted to the existing shareholders, the number of Securities to be issued, face value of the Securities, rate of interest, premium, number of equity shares to be allotted on conversion, exercise of rights attached with warrants, ratio of exchange of shares and/or warrants and/or any other financial instruments, period of conversion/redemption/fixing of record date or book closure and other related or incidental matters as may be decided and deemed appropriate by the Board upto a sum of ₹ 10000 million (inclusive of premium as may be determined by the Board) in one or more tranches, at such price or prices, at a premium or discount to market price or prices and in such manner and on such terms and conditions as the Board may in its absolute discretion think fit, in consultation with the lead managers and / or underwriters and / or other advisers as may be appointed by the Board, whether with or without an option to subscribe for additional Securities.

RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with Indian Laws and/or international practices including, but not limited to, conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such terms as are provided in issue of securities of this nature internationally and/or domestically including terms for issue of shares upon conversion of the Securities or variation of the conversion price of the Securities during the term of the Securities as the Board may deem fit and appropriate and the Board is also entitled to enter into and execute all such arrangements/agreements, as the case may be, with any lead managers, managers, underwriters, registrars, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like and also to seek the listing of such security or securities representing the same in one or more Stock Exchanges within and/or outside India.

RESOLVED FURTHER THAT the Board may enter into any arrangement with any agency or body for issue and/or allotment of the Securities in such form(s) with such features and attributes as are prevalent in domestic as well as international capital markets for instruments of that nature and to provide for the tradability or free transferability thereof as per the domestic as well as international practices and regulations, and under the norms and practices prevalent in the international markets and the Securities issued in foreign markets and/or Indian market shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the Securities in the international market and/or Indian market and may be governed by applicable Indian laws and/or foreign laws, as the case may be.

RESOLVED FURTHER THAT in the event of issue of Securities by way of a qualified institutional placement to the QIBs in accordance with Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the relevant date on the basis of which price of the resultant shares shall be determined as specified under applicable law, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of Securities;

RESOLVED FURTHER THAT in case Securities are offered through Rights Issue, the shareholders shall have the right to renounce all or any of the shares offered, in favour of any other person or persons who are Indian residents, subject to the right of the Board of Directors to refuse allotment to a person, not being a shareholder of the company without assigning any reason. The members can apply for additional shares provided that the members who have renounced their rights in whole or in part may be entitled to allotment of additional shares at the discretion of the Board of Directors and in consultation with the Stock Exchange(s), the allotment of additional shares shall be made on an equitable basis. The renouncees may also apply for additional shares subject to allotment of additional shares at the discretion of Board of Directors in consultation with the Stock Exchange(s).

RESOLVED FURTHER THAT in case of any over subscription of the issue, the Board be and is hereby authorised to retain such of the amount, and issue & allot such securities as may be permitted in accordance with the applicable laws, rules & provisions in consultations with concerned authorities including Stock Exchanges.



RESOLVED FURTHER THAT the Board be and is hereby entitled to vary, modify, alter any of the foregoing terms and conditions in conformity with those as may be approved by SEBI, RBI or any other appropriate authority and/or department.

RESOLVED FURTHER THAT for giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, usual or expedient, including without limitation the utilization of issue proceeds, entering into of underwriting, memorandum of understanding, marketing and depository arrangements, and with power on behalf of the Company to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue, allotment and utilization of the issue proceeds of the Securities for the Company's projects/expansions/modernizations/acquisitions/direct investments in subsidiary companies/ joint ventures/repayment of debt/other corporate needs, as they may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds including but without limitation to the creation of such mortgage/charge, if necessary, under Section 293(1)(a) of the Companies Act, 1956 in respect of the aforesaid securities either on pari-passu basis or otherwise, as may be in its absolute discretion deem fit without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT in case of any debt instrument including but without limitation to any debentures, bond; the members shall be deemed to have given their approval under Section 293(1)(d) of the Companies Act, 1956 and other applicable provisions of law."

Place : Faridabad  
Date : August 30, 2010

By Order of the Board  
Pooja Gupta  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received, duly filled and authenticated at Registered office of the Company not less than 48 hours before the scheduled time of the Meeting.
2. This may be taken as notice of declaration of dividend for financial year 2009-10 in accordance with Article 138 of Articles of Association of the Company in respect of dividend for that year when declared.
3. The Register of Members and Share Transfer books of the Company will remain closed from Thursday, 23rd September, 2010 to Monday 27th September, 2010 (both days inclusive) for the purpose of ascertaining eligibility to dividend, if declared.
4. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Saturday, 2nd October 2010:
  - (i) to those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agents (R&T Agents) of the Company on or before Wednesday, 22nd September 2010.
  - (ii) in respect of shares held in electronic form (demat mode), dividend will be paid to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on Wednesday, 22nd September 2010.
  - (iii) Physical shares – Payment of dividend through NECS: Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR Code of the branch, type of account and account number at the earliest to our Registrar and Share Transfer Agent, M/s Skyline Financial Services Pvt. Ltd.
5. Members are requested to notify any change in their addresses immediately. In any event not later than Wednesday, 22nd September 2010 so as to enable us to dispatch the dividend warrants at the correct addresses:
  - a) In case of shares held in physical form, to the Registrar and Share Transfer Agent M/s Skyline Financial Services Pvt. Ltd.
  - b) in case of shares held in demat form, Members are requested to update their particulars with their respective Depository Participants.
6. The shares of the Company are being traded compulsorily in demat form only, members who still hold the shares of the Company in physical form are advised to have their holdings dematerialized in their own interest through authorized depository participant.
7. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investor Education and Protection Fund of the Central Government. After such transfer no claim of the members whatsoever shall subsist on the said amount. Therefore, members are requested to encash their dividend warrants on priority within the validity period.
8. Members are requested to bring their personal copy of Annual Report to the Meeting.
9. Members desiring any information regarding accounts in the meeting are requested to write to the Company at least seven days before the date of Annual General Meeting so as to enable the Company to keep the information ready.
10. The Statutory Register under the Companies Act, 1956 (Register under Section 307 and Section 301 of the Companies Act, 1956) is available for inspection at the Registered Office of the Company during business hours between 11.00 am to 1.00 pm except on holidays.
11. The Securities and Exchange Board of India (SEBI) vide circular ref no. MRD/DoP/CIR-05/2007 dated April 27, 2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction. In Continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTAs for registration of such transfer of shares.