

11TH ANNUAL REPORT
1997-98



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Vadilal Dairy International Ltd.

Registered Office : Plot No. E-10, M.I.D.C. Industrial Area,
Malegaon, Sinnar, Dist. - Nasik, Pin - 422 103.

PROXY

I/We
of in the district of being
a Member/Members of the above named Company, hereby appoint
..... of in the district of or failing him/her
..... of in the district of
..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the
Eleventh Annual General Meeting of the Company, to be held on Friday, the 25th September, 1998 and at any adjournment
thereof, Signed this day of 1998.

Reference Folio

Signature

Affix
30 Paise
Revenue
Stamp

No. of Shares

Note : The Proxy form duly completed must be deposited at the Registered Office of the Company not later than 48 hours
before the time fixed for holding the Meeting.

(Cut here)



Vadilal Dairy International Ltd.

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Malegaon, Sinnar, Dist. - Nasik, Pin - 422 103.

ATTENDANCE SLIP

Eleventh Annual General Meeting - 25th September, 1998.

No. of Shares

Regd. Folio No.

I hereby record my presence at the 11th Annual General Meeting of the Company at Panchavati Sinnar Motels Pvt. Ltd.,
Nasik-Pune Highway, Opp. Bus Station, Sinnar - 422 103. on Friday, September 25th, 1998.

Signature of the attending member

Signature of the attending proxy

- Notes :
1. Shareholders/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
 2. Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

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Vadilal Dairy International Ltd.

BOARD OF DIRECTORS

CHAIRMAN

SHRI RAMCHANDRA R. GANDHI

MANAGING DIRECTOR

SHRI SHAILESH R. GANDHI

DIRECTORS

DR. A. C. SHAH
SHRI ARUN GANDHI
SHRI ROHIT MEHTA
SMT. B. S. GANDHI

WHOLE TIME DIRECTOR

SHRI ANAND KHANOLKAR

NOMINEE DIRECTORS

SHRI M. V. PHADKE (IDBI)
SHRI S. D. MAHALE (SICOM)

REGISTERED OFFICE

PLOT NO. E-10,
M.I.D.C. INDUSTRIAL AREA,
MALEGAON, SINNAR DIST.
NASIK PIN - 422 103.

CORPORATE OFFICE

SHUBHANGAN, PLOT NO. 24,
GULMOHAR ROAD,
JVPD SCHEME,
MUMBAI - 400 049.

AUDITORS

M/S. CHATURVEDI & SHAH,
CHARTERED ACCOUNTANTS,
MUMBAI.
M/S. KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS,
AHMEDABAD.

BANKERS

BANK OF BARODA,
UNION BANK OF INDIA.

REGISTRAR & SHARE TRANSFER AGENT

HAMCO SHARE REGISTRY PVT. LTD.
LUTHRA INDUSTRIAL PREMISES,
ANDHERI-KURLA ROAD,
SAFED POOL,
ANDHERI (E), MUMBAI 400 072.

11th Annual General Meeting

Date - 25th September, 1998

Day - Friday

Time - 11.00 a.m.

Place - Panchavati Sinnar Motels Pvt. Ltd.
Nasik-Pune Highway,
Opp. Bus Station, Sinnar - 422 103
Dist. Nasik.

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NOTICE TO MEMBERS

Notice is hereby given that the Eleventh Annual General Meeting of **VADILAL DAIRY INTERNATIONAL LIMITED** will be held at Panchavati Sinnar Motels Pvt. Ltd., Nasik-Pune Highway, Opp. Bus Station, Sinnar-422 103. Dist. Nasik on Friday, the 25th September, 1998 at 11.00 a.m to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended 31st March, 1998 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr A.C.Shah who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Arun Gandhi who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the Conclusion of next Annual General Meeting at a remuneration as may be decided by the Board in consultation with them.

SPECIAL BUSINESS :

5. To consider and thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to provision of section 198,269, 309, 310, 311 read with schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Shri Anand Khanolkar as the Whole Time Director of the Company for a period of one year w.e.f. 30th June, 1998 on the terms and conditions, including remuneration and perquisites as set out in the draft Agreement placed before this meeting and signed by the Managing Director for the purpose of identification. The agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to by and between the Directors and Shri Anand Khanolkar."
6. To consider and thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to provision of section 198,269, 309, 310, 311 read with schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Shri Shailesh R.Gandhi as the Managing Director of the Company for a period of five year w.e.f. 23rd September, 1998 on the terms and conditions, including remuneration and perquisites as set out in the draft Agreement placed before this meeting and signed by the Chairman for the purpose of identification. The agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to by and between the Directors and Shri Shailesh R.Gandhi."

For **VADILAL DAIRY INTERNATIONAL LIMITED**,

RAMCHANDRA R. GANDHI
Chairman

Place : Mumbai
 Date : 29th June, 1998.
Registered Office :
 E-10 M.I.D.C Area, Malegaon,
 Taluka - Sinnar, District -Nasik 422 103.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, VOTE INSTEAD OF HIM/HER. A PROXY NEED NOT BE A MEMBER, PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant explanatory statement pursuant to section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday September 16, 1998 to Friday the September 25, 1998 (both days inclusive) for the purpose of Annual General Meeting.



Vadilal Dairy International Ltd.

4. a) Members are requested to notify change of address, if any, with PINCODE, quoting reference to their Folio Number.
b) In case your mailing address mentioned on this Annual Report is without the PINCODE, then you are requested to inform your PINCODE immediately.
5. Members are requested to quote Folio Numbers in all correspondence.
6. Members are advised that the following unclaimed Dividends will be transferred to Central Government on respective due dates.

DIVIDEND	DUE DATES
1994-95	28/11/1998
1995-96	28/11/1999

The members who have not encashed the Dividend Warrants are advised to approach the Company for obtaining duplicate Dividend Warrants.

7. Documents referred to in the accompanying Notice are open for inspection at the **Registered Office** of the Company during office hours on all working days except holidays between 10.00 a.m and 12.00 noon upto the date of the Annual General Meeting.
8. In case you intend to raise any query in the forthcoming Annual General Meeting, you are requested to please forward the same at least 7 days before the date of the meeting to the Corporate office, so that the same may be attended to your entire satisfaction.
9. Members are requested to bring their copy of Annual Report alongwith them to the meeting.

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**EXPLANATORY STATEMENT****Pursuant to Section 173 of the Companies Act, 1956.****ITEM NO. 5**

In the Board Meeting held on 29th June, 1998 the Directors appointed Shri Anand Khanolkar as Whole Time Director of the Company, subject to the approval of the shareholders.

Shri Anand S. Khanolkar has been associated with the Company for the past 10 years and presently holds the position of Whole Time Director. He is a Law graduate and I.D.D.(D.T) and is fairly conversant with the affairs of the Company. He was appointed as Whole Time Director for a period of one year from 30th June 1997.

The contract between the Company and Shri Anand Khanolkar stands terminated with effect from 30th June, 1998 and it is proposed to execute a new agreement with Shri Anand Khanolkar with effect from 1st July, 1998.

The appointment of Shri Anand Khanolkar as Whole Time Director and remuneration payable to him as proposed in the resolution are in accordance with schedule XIII to the Company's Act, 1956, and hence do not require the approval of the Central Government. However, the consent and approval of the shareholders in General Meeting is required. Accordingly, this resolution is proposed for consent and approval.

None of the Directors, other than Shri Anand S. Khanolkar concerned or interested in the aforesaid resolution.

The draft Agreement proposed to be entered into between the Company and the Whole Time Director contains the following terms and conditions:

SALARY :

Rs. 25,000/- per month in the scale of Rs. 25,000/-— 30,000/-.

Annual increments will be decided by the Chairman / Managing Director considering merit, and the performance of the company.

PERQUISITE :

Following perquisites in addition to the salary, restricted to a maximum amount equivalent of Annual Salary for the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per Income-Tax Rules, wherever applicable in the absence of any such Rules, they shall be evaluated at actual cost.

Medical Reimbursement :

Reimbursement of actual expenses for self and family as per rules of the Company, not exceeding Rs.10,000/- per annum.

Leave Travel Concession :

Once in a year as per rules of the Company.

Provident Fund :

Company's Contribution subject to a ceiling of 12% of the Salary.

Gratuity:

As per rules of the Company.

Earned /Privilege Leave :

On full pay and allowance, one month's leave for every eleven month of service, encashment of leave accumulated but not availed at the end of tenure of office, in accordance with the rules of the Company.

Company's contribution to Provident Fund and Superannuation, Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

Car & Telephones :

Provision of car for use on Company's business and telephone at residence. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

Sitting Fees :

The Whole-Time Director shall not be entitled for any sitting fees for attending the Board/Committee meetings.

Minimum Remuneration :

In the absence or inadequacy of profits of the company in any financial year, Shri Anand Khanolkar shall be entitled to



receive such minimum remuneration as is permissible under Section II of Part II of Schedule XIII of the Act.

Inspection By Members :

A copy of draft agreement to be executed by the Company with Shri Anand Khanolkar is open for inspection by the Members during the normal working hours of the Company at its Registered Office.

This explanation together with accompanying notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956 in respect of the re-appointment and remuneration payable to Shri Anand Khanolkar as a Whole Time Director.

Memorandum Of Interest :

None of the Directors, other than Shri Anand Khanolkar, is concerned or interested in the above resolution.

The Whole Time Director shall be subject to other service conditions, rules and regulations of the company.

ITEM NO. 6

In the Board Meeting held on 29th June, 1998 the Directors appointed Shri Shailesh R.Gandhi as Managing Director of the Company, subject to the approval of the shareholders.

Shri Shailesh R.Gandhi has been associated with the Company since inception and presently holds the position of Managing Director. He is a I.D.D.(D.T) Considering the performance, knowledge, and experience of Shri Shailesh R.Gandhi, in the ice-cream and Dairy industry, your directors are of the opinion that it is in the interest of the Company to re-appoint him as Managing Director of the Company.

The contract between the Company and Shri Shailesh R.Gandhi stands terminated with effect from 23rd September, 1998 and it is proposed to execute a new agreement with Shri Shailesh R.Gandhi with effect from 23rd September, 1998.

The appointment of Shri Shailesh R.Gandhi as Managing Director and remuneration payable to him as proposed in the resolution are in accordance with schedule XIII to the Company's Act, 1956, and hence do not require the approval of the Central Government. However, the consent and approval of the shareholders in General Meeting is required. Accordingly, this resolution is proposed for consent and approval.

None of the Directors, other than Shri Shailesh R.Gandhi, Shri Ramchandra R.Gandhi and Smt Bela S.Gandhi being his relative concerned or interested in the aforesaid resolution.

The draft Agreement proposed to be entered into between the Company and the Managing Director contains the following terms and conditions:

- | | |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i) Salary | : Rs.62,000/- per month in the slab (Rs.62,000-Rs5000-Rs87,000) |
| ii) Commission | : Commission on the net profits of the Company for each financial year not exceeding 1% of the Company's net profits. (Subject to the prior approval of M/s IDBI) |
| iii) Perquisites | : Perquisite shall be restricted to an amount equal to the annual salary or Rs. 4,50,000/- per annum whichever is less. |

PART "A" :

- | | |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Housing I | : The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :
Sixty per cent of the salary, over and above ten per cent payable by the Managing Director. |
| Housing II | : In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company. |
| Housing III | : In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I. |
| Explanation | : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however be subject to a ceiling of ten per cent of the salary of the Managing Director. |
| (ii) Medical Reimbursement | : Reimbursement of expenses incurred by the Managing Director for self and family subject to a ceiling of one month's salary over a period of three years. |
| (iii) Leave Travel Concession | : Leave travel concession for the Managing Director and his family, once in a year incurred in accordance with the Rules of the Company. |
| (iv) Personal Accident Insurance | : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 40,000 /- |
| (v) Club Fees | : Fees of clubs subject to a maximum of two clubs but not admission and life membership fee. |