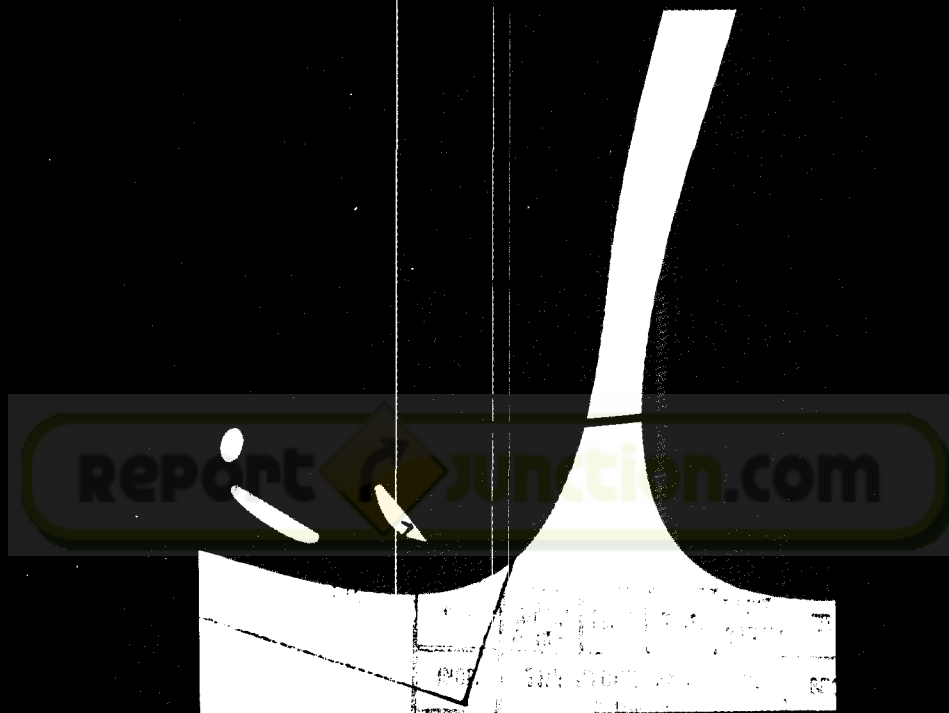
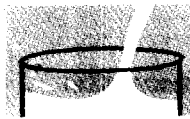


13 TH ANNUAL REPORT 1999 - 2000



Vadilal Dairy International Ltd.



Vadilal Dairy International

BOARD OF DIRECTORS

MANAGING DIRECTOR

SHRI SHAILESH R. GANDHI

DIRECTORS

{ SHRI ROHIT MEHTA
SMT. B. S. GANDHI
SHRI SOHAN CHATURVEDI
SHRI VISHNU D. BARHATE

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

13th Annual General Meeting

Date : 18th July, 2000
Day : Tuesday
Time : 02.00 p.m.
Place : Panchavati Sinnar Motels Pvt. Ltd.
Nasik Pune Highway.
Opp. Bus Station, Sinnar 422 103
Dist. Nasik

CONTENTS

	Page
NOTICE	2-4
DIRECTORS' REPORT	5-10
AUDITORS' REPORT	11-13
BALANCE SHEET	14
PROFIT & LOSS ACCOUNT	15
SCHEDULES TO BALANCE SHEET	16-20
SCHEDULES TO PROFIT & LOSS A/C	21-22
SIGNIFICANT ACCOUNTING POLICIES	23
NOTES FORMING PART OF ACCOUNTS	23-26
BALANCE SHEET ABSTRACT	27



Vadilal Dairy International Ltd.

NOTICE TO MEMBERS

Notice is hereby given that the **Thirteenth 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 Tuesday, **18th July, 2000** at **2.00 p. m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended 31st March, 2000 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rohit Mehta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Smt. Bela S. Gandhi who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Sohan Chaturvedi, who was appointed as Additional Director of the company with effect from 23.09.1999 and who ceases to be director at this Annual General Meeting be and is hereby appointed as Director of the company".
6. To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. V. D. Barhate, who was appointed as Additional Director of the company with effect from 23.09.1999 and who ceases to be director at this Annual General Meeting be and is hereby appointed as Director of the company".
7. To consider and if thought fit to pass with or without modifications the following resolution as an **Special Resolution**:
"RESOLVED THAT pursuant to the Listing Agreement with the Stock Exchanges and other applicable provisions if any of the Companies Act 1956, the shares of the company will be delisted from Madras Stock Exchange and from the Delhi Stock Exchange".
8. To consider and if thought fit to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT subject to NOCs/Consents/Approvals from secured chargeholders and other statutory authorities the Board of Directors is hereby authorised as per Section 293 (1) (a) of the Companies Act, 1956 and other applicable provisions if any to sell the Company's Dairy Business and/or demerge the same with the intention of selling the same or for inviting joint venture partner to invest in the Dairy Unit as it may deem appropriate".

For **VADILAL DAIRY INTERNATIONAL LTD.**

SHAILESH R. GANDHI
Managing Director

Place : Mumbai
Date : 5th June, 2000
Registered Office:
E-10, M. I. D. C. Area, Malegaon,
Taluka Sinnar, Dist. Nasik 422 103.

13th Annual Report 1999-2000**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND 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 Thursday, 13th July, 2000 to 18th July, 2000 (both days inclusive) for the purpose of Annual General Meeting.
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	28.11.2002
1995-96	28.11.2003

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.



EXPLANATORY STATEMENT
Pursuant to Section 173 of the Companies Act, 1956.

ITEM NO. 5

Mr. Sohan Chaturvedi was appointed as Additional Director of the Company w.e.f. 23.9.1999. Mr. Sohan Chaturvedi holds office upto the forthcoming Annual General Meeting. The company has received notices in writing under Section 257 of the Companies Act, 1956 from the members signifying their intention to propose the appointment of Mr. Sohan Chaturvedi as Director of the company. The Directors recommend the passing of this resolution. None of the Directors other than Shri Chaturvedi is concerned or interested in the aforesaid resolution.

ITEM NO. 6

Mr. V. D. Barhate was appointed as Additional Director of the Company w.e.f. 23.9.1999. Mr. V. D. Barhate holds office upto the forthcoming Annual General Meeting. The company has received notices in writing under Section 257 of the Companies Act 1956 from the members signifying their intention to propose the appointment of Mr. V. D. Barhate as Director of the company. The Directors recommend the passing of this resolution. None of the Directors other than Mr. V. D. Barhate is concerned or interested in the aforesaid resolution.

ITEM NO. 7

The shares of the company are at present listed on four stock exchange i.e. the Mumbai Stock Exchange, Ahmedabad, Delhi and Madras Stock Exchange.

The Company's financial position is very weak and it needs to curtail its costs. The company's shares have been listed on Mumbai, Ahmedabad, Delhi and Madras Stock Exchange. However, number of transactions have been very low at Delhi and Chennai Exchanges. The volume of trading of shares is very low. At present the company is going through financial crisis and due to such condition it is proposed to delist the shares on Delhi and Madras stock Exchange which will enable the company to save on part of listing fees payment charges.

None of the Directors of your Company is interested either directly or indirectly in the said resolution and your directors recommend the adoption of proposed resolution.

ITEM NO. 8

The company has been making heavy losses in its Dairy Division for last few years. The Board has been making efforts to run the unit profitably but has not been successful. It is, therefore, felt that it may be more appropriate to sell the Dairy business or find a joint venture partner to make further investments to run it profitably. This would require hiving off the Dairy Division by demerger.

Under Section 293 (1) (a), this will require approval of the shareholders. Directors therefore recommend the above Resolution. None of Directors of your company is interested either directly or indirectly in the said resolution and your directors recommend the adoption of the proposed resolution.

For and on behalf of the Board
 For **VADILAL DAIRY INTERNATIONAL LTD.**

SHAILESH R. GANDHI
 Managing Director

Place : Mumbai
 Date : 5th June, 2000

13th Annual Report 1999-2000**DIRECTORS' REPORT**

To,
The Members,
VADILAL DAIRY INTERNATIONAL LTD.,

Your Directors present the Thirteenth Annual Report together with the audited statements of account of the Company for the year ended 31st March, 2000.

1. FINANCIAL RESULTS:

	1999-2000 (Rs. In lacs)	1998-99 (Rs. In lacs)
Loss for the year before		
Depreciation and Financial Charges:	204.02	1013.42
Add : i) Depreciation	193.88	195.61
ii) Financial charges	741.81	608.17
Loss for the year	1139.71	1817.20
Add (Less)		
Prior year adjustments (net)	42.76	2.37
Less: Excess prov. for depreciation w. back	9.20	-
Add : Deficit brought forward from last year	1773.19	443.62
Balance of loss	2946.46	2263.19
Less: Transfer from Gen. Reserve No.1	-	60.00
-do- No.2	-	430.00
-do- investment all. utilized	22.32	-
Balance of loss carried to balance sheet	2924.14	1773.19

2. DIVIDEND:

In view of the loss suffered by your Company during the year the Director regret their inability to recommend dividend during the year.

3. COMPANY'S PERFORMANCE:

The year under review saw one of the most difficult years for Ice Cream industry in the country. The change in excise duty basis from ex-factory value to MRP value introduced in the Finance Bill of 1999 had the effect of doubling the excise burden on this product. This in turn had a cascading effect on the product price as the Sales Tax and Octroi also became payable on a higher base. This, together with steep increase in transportation cost on account of increase in diesel prices by the Government, profitability of Ice Cream Division has taken a sharp beating. The 1999 summer thus was very tough season even otherwise and the early on set of monsoon shortened the ice cream season for the company substantially. This had a net effect of reduction in the company's ice cream volume by about 15%. The Company did try to take up the issue with the Finance Ministry jointly with other Ice Cream manufacturers. Gratefully the Central Government did recognise the problem and did lighten the excise burden to some extent. However, the action was too little and too late. The Board hopes that with this small corrective measure and other things remaining normal, atleast this year should be better for the Company's Ice Cream Business.

As regards the Dairy Unit, the Directors have ensured so far that the unit remains in working condition so that machines are in usable condition. The unit was kept working partly on a small quantity of milk procured by the Company itself and partly by getting job work done at the unit. The production level was however minimised, showing a sharp reduction of 72% even on already reduced level of operations of the previous year.

As reported last year, the Company had become a sick unit under Sick Industrial Companies (Special Provisions) Act 1985 and a reference to the Board for Industrial and Financial Reconstruction had become necessary. The Company has been complying with the orders/ directives of the Hon. Bench of BIFR and the operating Agency. A hearing of the Hon. bench of BIFR is expected shortly after which a scheme for rehabilitation of the Company will be taken up.

**4. FIXED DEPOSITS:**

Your Company has not accepted any fixed deposits from the public as defined u/s 58(A) of the Companies Act, 1956.

5. INDUSTRIAL RELATIONS:

The industrial relations with employees have been cordial during the year.

6. DIRECTORS:

- a. Mr. Arun Gandhi ceased to be the Director of the Company with effect from 22.2.2000. The Board places on record its deep appreciation of his very valuable contribution to the company. Shri Ramchandra R. Gandhi ceased to be the Director and Chairman of the Company w.e.f. 5th June 2000. The Board places on record its deep appreciation of his very valuable contribution to the company.
- b. Shri Rohit Mehta and Smt. Bela S. Gandhi Directors retire by rotation and being eligible offer themselves for re-appointment.
- c. The Board had appointed Mr. Sohan Chaturvedi Chartered Accountant and Mr. V. D. Barhate, Dairy Technologist, as Additional Directors in place of casual vacancies caused by resignation of Dr. A. C. Shah and Mr. Arun Gandhi. These two additional directors also retire at the ensuing Annual General Meeting. The Board having received their nominations, requests members to appoint them as Directors of the Company.

7. AUDITORS:

The Auditors in their report have referred to Note No. 1 in Schedule 20. The matter is self explanatory. M/s Chaturvedi & Shah, Chartered Accountants, Mumbai and M/s Kantilal Patel & Co. Chartered Accountants, Ahmedabad retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment as Joint Auditors.

8. Y2K:

The Company had smooth switch over to the year 2000.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of this report (Annexure 'A').

10. CASH FLOW STATEMENT:

Cash flow statement pursuant to Clause 32 of the Listing Agreement is annexed herewith and forms a part of this report (Annexure 'B').

11. PARTICULARS OF EMPLOYEES:

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies, Particulars of Employees Rules, 1975 as amended forms part of this report (Annexure 'C').

12. ACKNOWLEDGEMENTS:

Your Directors record their gratitude to the Financial Institution, Banks and other Government departments for their assistance and co-operation during the year. Your Directors also wish to place on record their appreciation of the dedicated services of the employees of your Company.

For and on behalf of the Board

Place : Mumbai
Date : 5th June, 2000

SHAILESH R. GANDHI
Managing Director



ANNEXURE 'A' TO DIRECTORS REPORT

Particulars required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY

- a) Energy conservation measures taken:
optimum utilisation of cold storage, switching off power supply at intervals for cold storages whenever temperature reaches the desired level and switching off power supply whenever not required in office premises.
- b) Additional investment & proposals for reduction of consumption of energy:
 - i) Improving system power factor by adding capacitors.
 - ii) Replacing existing machines/ equipments with more productive/ energy efficient machines/ equipments
- c) Impact of measures of two points above for reduction energy consumption and consequent impact on the cost of production of goods. The measures taken have resulted in savings in the cost of production.
- d) Total energy consumption & energy consumption per unit of production:
Form 'A'

FORM - A
(SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A) POWER & FUEL CONSUMPTION

	CURRENT YEAR 01.4.99 TO 31.3.2000	PREVIOUS YEAR 01.4.98 TO 31.3.99
1) ELECTRICITY		
a) PURCHASE UNIT	2609352	3298419
TOTAL AMOUNT (RS.)	11661229	13730579
RATE UNIT (RS.)	4.47	4.16
b) OWN GENERATION		
i) THROUGH DIESEL GENERATION		
UNIT	NIL	NIL
UNIT PER LITRE OF DIESEL	NIL	NIL
COST UNIT (RS)	NIL	NIL
ii) THROUGH STEAM TURBINE		
GENERATOR UNITS	NIL	NIL
UNITS PER LITRE OF FUEL OIL GAS	NIL	NIL
2) COAL (SPECIFY QUALITY & WHERE USED)		
QUANTITY (TONNES)	NIL	NIL
TOTAL COST (RS.)	NIL	NIL
AVERAGE RATE (RS)	NIL	NIL
3) FURNACE OIL LDO		
QTY (LITRES)	303	377
TOTAL COST (RS.)	2535397	2745176
AVERAGE RATE (RS)	8.38	7.28