

**15TH ANNUAL REPORT
2001-2002**



Vadilal Dairy International Ltd.



Vadilal Dairy International Ltd.

BOARD OF DIRECTORS

MANAGING DIRECTOR

SHRI SHAILESH R. GANDHI

DIRECTORS

SMT. B. S. GANDHI
(Up to 12.12.2001)
SHRI SOHAN CHATURVEDI
(Up to 12.12.2001)
SHRI VISHNU D. BARHATE
SHRI S. P. PATIL
(W.E.F. 30.4.2002)

NOMINEE DIRECTORS

SMT. V. BHARATHY (IDBI)
SHRI S. D. MAHALE (SICOM)
(Up to 25.1.2002)

REGISTERED OFFICE

PLOT NO. E-10,
M.I.D.C. INDUSTRIAL AREA,
MALEGAON, TALUKA - 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

SHAREX (INDIA) PVT. LTD.
LUTHRA INDUSTRIAL PREMISES,
ANDHERI KURLA ROAD,
SAFED POOL, ANDHERI (E),
MUMBAI - 400 072.

15th Annual General Meeting

Date : 26th Sept. 2002
Day : Thursday
Time : 02.00 p.m.
Place : Plot No. E-10,
MIDC Industrial Area,
Malegaon, Taluka -Sinnar
Dist - Nasik, Pin -422 103.

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Vadilal Dairy International Ltd.

NOTICE TO MEMBERS

Notice is hereby given that the **Fifteenth Annual General Meeting** of **VADILAL DAIRY INTERNATIONAL LIMITED** will be held at Plot No. E-10, MIDC Industrial Area, Malegaon, Taluka - Sinnar, Dist - Nasik, Pin -422 103. on **Thursday, 26th September, 2002** 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 2002 and the Profit and Loss Account for the year ended 31st March 2002 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri V.D. Barhate who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.
4. SPECIAL BUSINESS

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 appointment of Shri S.P. Patil as the Whole Time Director of the Company for a period of one year w.e.f. 30.4.2002 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 appointment and/or agreement in such manner as may be agreed to by and between the Directors and Shri S.P.Patil

For **VADILAL DAIRY INTERNATIONAL LTD.,**

Place : Mumbai
Date : 14th August, 2002

SHAILESH R. GANDHI
Managing Director

Registered Office:

E-10 M.I.D.C. Area,
Malegaon, Taluka Sinnar
Dist. Nasik 422 103.

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 19th September 2002 To 26th September 2002 (both days inclusive) for the purpose of Annual General Meeting.
4. a) Members are requested to notify change of address, if any, with PIN CODE 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. Shareholders are hereby informed that after the amendment of the Act w.e.f. 31.10.1998, the company will be obliged to transfer any money lying in the unpaid dividend account, which remains unpaid or unclaimed for a period of seven years from date of such transfer to the unpaid dividend account, to the credit of investor education and protection fund (the fund) to be established by the Central Govt. in accordance with sec. 205C of the Act, no claim shall lie against the company or fund in respect of individual amounts of dividends remaining unclaimed or unpaid of for a period of seven years from the dates they became first due for payment & no payment shall be made in respect of any such claim.

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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 along with them to the meeting.

DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (PURSUANT OF CLAUSE 49 OF THE LISTING AGREEMENT).

Name of Director	Mr. V. D. Barhate	Mr. S. P. Patil
Date of Birth	16.3.1952	20.3.1946
Date of Appointment	23.9.1999	30.4.2002
Qualification	M.Tech. (I.I.T. Kharagpur)	Bsc., DBM (Mumbai)
Experience	Engineering and Dairy Technologist	29 years in Dairy & Food Processing

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

Place : Mumbai
Date : 14th August, 2002

SHAILESH R. GANDHI
Managing Director

EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956.

Item No. 4.

In the Board Meeting held on 30th April 2002 the Directors appointed Shri S.P. Patil as Whole Time Director of the Company, subject to the approval of the shareholders.

Shri S.P. Patil has been associated with the Company for the past few years and presently holds the position of the General Manager works. He is fairly conversant with the affairs of the Company.

It is proposed to execute a new agreement with Shri S.P. Patil with effect from 1st May 2002.

The appointment of Shri S.P. Patil 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.



Vadilal Dairy International Ltd.

None of the Directors, other than Shri S.P. Patil 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. 30,000/- per month in the scale of Rs. 30,000- 35,000/-. (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 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. 15,000/- 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 :

Provisions 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 S.P. Patil 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 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 S.P. Patil as a Whole Time Director.

Memorandum of Interest :

None of the Directors, other than Shri S.P. Patil, 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.

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

Place : Mumbai

Date : 14th August, 2002

SHAIKSH R. GANDHI

Managing Director

15th Annual Report 2001-2002**DIRECTORS REPORT**

To

The Members,

VADILAL DAIRY INTERNATIONAL LTD.

Your Directors present the Fifteenth Annual Report together with the audited statements of accounts of the Company for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

	2001-2002 (Rs.in lacs)	2000-2001 (Rs.in lacs)
Loss for the year before Depreciation and Financial Charges.	322.59	236.85
Add : i) Depreciation	174.31	175.43
ii) Financial charges	1051.11	884.50
Loss for the year	1548.01	1296.78
Prior year adjustments (net)	0.35	1.27
Add : (Excess\Shortage) prov. for depreciation	0	2.66
Add : Deficit brought forward from last year	4225.11	2924.40
Balance of loss carried to balance sheet	5773.47	4225.11

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:**ICE CREAM DIVISION**

The Company's operations of Ice cream Division continue to be under tremendous competitive pressure. With a view to defend its market share and further improve it, the company was forced to relook at its pricing strategy as well as introduced new schemes to achieve better volumes. This helped the company in achieving higher volumes during the year considering that the volumes were consistently falling over last 3 years. This has been indeed good beginning. Profitability, however, continues to be negative as indirect taxes constitute very large portion of the costs.

DAIRY DIVISION

With continuous and persistent efforts, your company was able to bag job work from the Government of Maharashtra. The Dairy Division which was working intermittently is now working continuously. Volume of milk handled, however, continues to be small thereby not contributing much to the fixed overheads of the company. The Directors have made all out efforts to control costs and this has resulted in keeping the cash losses (before interest) of the dairy division of the minimum.

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:

- Mr. Sohan Chaturvedi ceased to be the Director of the Company with effect from 12.12.2001. The Board places on record its deep appreciation of his valuable contribution to the company.
- Smt. Bela S. Gandhi ceased to be the Director of the Company with effect from 12.12.2001. The Board places on record its deep appreciation of her valuable contribution to the company.
- Mr. S. D. Mahale SICOM Nominee Director ceased to be the Director of the Company with effect from 25.1.2002. The Board places on record its deep appreciation of his valuable contribution to the company.

- d. Shri V.D. Barhate Director retires by rotation and being eligible offer themselves for re appointment.
- e. Shri S.P. Patil has been appointed as a Whole Time Director of the company on 30.4.2002 with subject to approval of the shareholders in forthcoming Annual General Meeting.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures if any.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii) That the Directors 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 fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2002 on a going concern basis. Despite the fact that the Company's net worth is totally eroded because the directors feel that if any when the revival proposal submitted by the company is implemented under directives of the BIFR, health of the company can be revived.
- v) The Auditors in their Report have referred to Notes and which are self explanatory.

8. AUDITORS :

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.

9. COST AUDITORS

Pursuant to the directives of the Central Govt. under the provisions of Section 233B of the Companies Act 1956, qualified Cost Auditors have been appointed to conduct audit of cost records maintained by the Company.

10. 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').

11. CASH FLOW STATEMENT :

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

12. PARTICULARS OF EMPLOYEES :

There was no employee who was receiving the remuneration exceeding the limit prescribed under section 217 (2A) of the Companies Act, 1956 for the year ended 31st March, 2002.

13. 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 : 14th August, 2002

SHAILESH R. GANDHI
Managing Director

ANNEXURE 'A' TO DIRECTOR'S 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 utilization 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 of 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 1.4.2001 TO 31.3.2002	PREVIOUS YEAR 1.4.2000 TO 31.3.2001
(1) ELECTRICITY		
a) Purchase Unit	2,058,613	1,952,915
Total Amount(Rs)	8,630,435	9,323,265
Rate/Unit(Rs)	4.19	4.77
b) Own Generation		
i) Through Diesel Generation Unit	19520.00	24510.00
Unit Per Litre Of Diesel	3.20	3.40
Cost/Unit(Rs)	5.72	5.29
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 (K.Litres)	164	98
Total Cost (Rs)	1,823,369	1,296,717
Average Rate (Rs)	11.10	13.27