



Vadilal Dairy International Ltd.



*Twenty Sixth Annual Report
2012-13*

**CORPORATE INFORMATION:****BOARD OF DIRECTORS**

Mr. Shailesh R. Gandhi	: Managing Director (Executive, Non-Independent)
Mr. Subhashchandra P. Patil	: Director (Non-Executive, Independent)
Mr. Vishnu. D. Barhate	: Director (Non-Executive, Independent)
Mr. Sandeep M. Patil*	: Director (Executive, Non-Independent)
Mr. Prakash O. Mankar**	: Additional Director (Non-Executive, Independent)

*(Ceased to be Director w.e.f. 1st February, 2013)

** (Appointed as Additional Director W.e.f. 1st February, 2013)

AUDITORS**B. V SHAH & ASSOCIATES****CHARTERED ACCOUNTANTS**

20-21-22, Swapna Siddhi, Akurli Road,
Kandivali (East), Mumbai-400 101.

REGISTRARS AND SHARE TRANSFER AGENTS**SHAREX DYNAMIC (INDIA) PVT. LTD.**

Luthra Industrial Premises, Andheri Kurla Road,
Safed Pool, Andheri (E), Mumbai-400 072.

REGISTERED OFFICE

Plot No. M-13, MIDC Ind. Area, Tarapur, Boisar,
Maharashtra, Thane-401506.

BANKERS

Bank of Baroda
Bank of India
HDFC Bank Limited

Contents	Page No.
Notice	2
Directors' Report	5
Management Discussion & Analysis	10
Report on Corporate Governance	11
Auditors' Certificate on Corporate Governance	16
Managing Directors' Certification	17
Declaration Regarding Compliance with the Code of Conduct	18
Independent Auditors' Report	19
Balance Sheet	23
Profit & Loss Account	24
Cash Flow Statement	25
Notes Forming Part of the Financial Statements	27
Attendance Slip and Proxy Form	43

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

TWENTY SIXTH ANNUAL GENERAL MEETING

Day: Monday Date: 30th of September, 2013 Time: 11.30 A.M.
Venue: Plot No. M-13, MIDC, Industrial Area Tarapur, Boisar – 401506, Maharashtra – 401506.

ATTENTION

Shareholders are requested to please note that pursuant to recent changes in applicable laws and regulations, in order to receive and participate in all corporate actions of the Company, you are requested to :-

- Inform our Registrar/Depository Participants, if not already done earlier, for updating details of your PAN number. Non-submission of PAN number is a cause of rejection especially by shareholders holding securities in physical form.
- Inform your Depository Participants, to reactivate your account for credit actions. Frozen Demat Accounts may lead to non-credit/delayed credit of securities allotted to your account.
- Update your address with Registrar/Depository Participants to ensure timely receipt of shareholder communication.



NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of **VADILAL DAIRY INTERNATIONAL LIMITED** will be held at Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar- 401506, Maharashtra on Monday, 30th September, 2013 at 11.30 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March 2013 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To re-appoint **Mr. Vishnu. D. Barhate**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint B V. Shah & Associates, Chartered Accountants, Mumbai, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:**

“RESOLVED THAT Mr. Prakash O. Mankar who was appointed by the Board as an Additional Director with effect from 1st February, 2013 and who holds office upto the date of this Annual General Meeting and is eligible for appointment as Director and in respect of whom the Company has received a Notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**For and on behalf of the Board
For VADILAL DAIRY INTERNATIONAL LIMITED**

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

Registered Office:

Plot No. M-13, MIDC Ind. Area,
Tarapur, Boisar, Maharashtra
Thane - 401506.



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND VOTE INSTEAD OF HIMSELF/HERSELF AND 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 Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 26th September, 2013 to Monday, 30th September, 2013(both days inclusive) for the purpose of Annual General Meeting.
3. (a) Members are requested to notify change of address, if any, with PIN CODE number and quoting reference of their Folio Number/s.
(b) In case your mailing address mentioned on this Annual Report is without the PIN CODE then you are requested to inform your PIN CODE immediately.
4. Members are requested to quote Folio Numbers in all correspondences.
5. 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. to 12.00 noon up to the date of Annual General Meeting.
6. 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 Registered Office, so that the same may be attended to your entire satisfaction.
7. Members are requested to bring their copy of Annual Report along with them to the Meeting.
8. **Important Communication to Members**
The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this new path introduced on the front of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to send and accordingly register their e-mail addresses on the e-mail provided by the Company (vadilal@vsnl.com) as soon as possible.

**For and on behalf of the Board
For VADILAL DAIRY INTERNATIONAL LIMITED**

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

Registered Office:

Plot No. M-13, MIDC Ind. Area,
Tarapur, Boisar, Maharashtra
Thane - 401506.



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956:

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 4

A Notice pursuant to Sec 257 of the Companies Act, 1956 has been received by the Company along with a deposit of Rs. 500/- from a member of the Company proposing the Appointment of Mr. Prakash O. Mankar, who was appointed in the Board Meeting held on 1st February, 2013 as an Additional Director and who holds office till this Annual General Meeting.

During the tenure of Mr. Prakash O. Mankar as an Additional Director he has provided valuable services to the Company and the Board therefore recommends the Members to pass the resolution for his appointment pursuant to Sec 257 to avail the benefits of his valuable services in future also.

The Board accordingly recommends the Ordinary Resolution for your approval.

None of the Directors are interested in the above Resolution.

**For and on behalf of the Board
For VADILAL DAIRY INTERNATIONAL LIMITED**

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

Registered Office:

Plot No. M-13, MIDC Ind. Area,
Tarapur, Boisar, Maharashtra
Thane - 401506.

**DIRECTORS' REPORT**

To
The Members,
VADILAL DAIRY INTERNATIONAL LIMITED

Your Directors have pleasure in presenting the Twenty Sixth Annual Report for the financial year ended on **31st March, 2013.**

1. FINANCIAL HIGHLIGHTS:**(Rs. in lakhs)**

PARTICULARS	2012-2013	2011-2012
Profit Before Depreciation and Financial Charges	(42.44)	(30.82)
Less: Depreciation	38.48	26.95
Financial Charges	17.21	3.38
Profit before Exceptional Items and Tax	(98.13)	(61.15)
Exceptional Items	Nil	140.07
Profit Before Tax	(98.13)	(201.22)
Provision for Tax	Nil	Nil
Profit After Tax	(98.13)	(201.22)
Profit/(Loss)brought forward from last year	(395.09)	(193.87)
Balance of Profit/(Loss) carried to Balance sheet	(493.22)	(395.09)

2. RESULTS OF OPERATIONS:

The Company achieved the total revenue of Rs.2459.23 lacs as against Rs.2264.83 lacs achieved during the previous year ended on 31st March, 2012.

The Company incurred Net Loss before Exceptional and Extra-Ordinary items of Rs.98.13 lacs as against Rs.61.15 lacs for the year ended on 31st March, 2012.

There was significant inflation in prices of raw material, packing materials, other key input prices and total expenses of the Company. This rise in costs of major ingredients of ice-cream and frozen Desserts put tremendous pressure on the margins of the business.

3. Board for Industrial & Financial Reconstruction (BIFR):

The Company has been declared as a sick unit by BIFR (Board for Industrial & Financial Reconstruction) on 19.06.2000 under Case No.200/1999. The BIFR has sanctioned a Rehabilitation Scheme for the Company (SS-07) vide their Order dated 31.10.2007. This Rehabilitation Scheme is under implementation.

The BIFR has granted various reliefs and concessions in its above referred order necessary for rehabilitation of our Company. One of such concessions was granted in the form of exemption from payment of Sales Tax/ VAT for a period of 5 years from cut-off date of the scheme i.e. 31.03.2007 during rehabilitation period. This concession was denied by the Sales Tax Authority of the State Government of Maharashtra during the financial year 2011-12. Against this denial the Company has filed appeal with the BIFR praying to direct the Sales Tax Authorities to grant relief to Our Company. The Final Judgment is yet to be ordered by the BIFR. The Board of the Company is hopeful for a positive order from BIFR.

The Company has allotted 25,00,000 equity shares of face value of Rs. 10 each at par to the Promoters of the Company on Preferential basis as per BIFR Order.

4. DIVIDEND:

In view of the accumulated losses suffered by your Company, Directors regrets their inability to recommend any dividend for the year.



5. DIRECTORS:

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Vishnu D. Barhate, Director of the Company, retire by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.

6. 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, 2013 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 judgments 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 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 provision 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, 2013 on a going concern basis, **despite the fact that the Company's net worth is still negative. The Company's Rehabilitation Scheme as sanctioned by BIFR is under implementation. The Directors are hopeful that the Company's performance will improve in the forthcoming financial years.**

You are aware that the Company is a sick Company and therefore there has been frequent turnover of the required personnel. Further despite the Companies efforts to employ whole time Company Secretary, it is unable to employ qualified Company secretary as per the provisions of Section 383 A of the Companies Act, 1956.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section which forms, part of the Annual Report.

8. FINANCE:

During the year under review, the Company availed the loans from promoters to finance its operations and capex requirements.

9. AUDITORS AND AUDITORS' REPORT:

M/s. B V. Shah & Associates, Chartered Accountants, (Registration No.040210), the Auditors of the Company hold their office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment as the Company's Statutory Auditors from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has received their willingness to act as Auditors of the Company along with a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any other comments.

10. CORPORATE GOVERNANCE REPORT:

The Company is committed to maintain the highest standard of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance Practices as prevalent globally.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.



The requisite Certificate from the Auditors of the Company confirming compliance with the condition of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

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

The particulars relating to conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure-A to this Report.

12. COST AUDITORS:

The Ministry of Corporate Affairs has, vide a notification no G.S.R. 429(E) dated 3rd June, 2011, notified the General Cost Accounting Records Rules, 2011, which has made it mandatory for the Company to maintain cost records on regular basis in such manner so as to make it possible to calculate per unit cost of production of its products.

Further, the Ministry of Corporate Affairs has, by an industry specific Cost Audit order dated 24th January, 2012 ordered audit of Cost Records under Section 233(B) of the Companies Act, 1956 for "Packaged Food Products". Accordingly, the Company has appointed Mr. Vinod C Subramaniam, Cost Accountant, Mumbai, having Membership No.M30769 as Cost Auditor of the Company, to audit the Cost records maintained by the Company, for the Financial Year-2012-13. The appointment of Mr. Vinod C Subramaniam as a Cost Auditor of the Company for the Financial Year- 2012-13 has been approved by the Central Government.

13. PERSONNEL:

There was no employee employed during the year or part of the year drawing remuneration, which falls within the purview of the provisions of section 217(2A) of the Companies Act, 1956. Therefore the statement for the same is not attached.

14. STATUTORY DISCLOSURES:

None of the Directors of your Company is disqualified as per provision of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

15. ACKNOWLEDGEMENT:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

**For and on behalf of the Board
For VADILAL DAIRY INTERNATIONAL LIMITED**

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai
Date : 2nd September, 2013

**ANNEXURE 'A' TO DIRECTORS' REPORT**

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

A) CONSERVATION OF ENERGY:

- i) 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.
- ii) Additional investment and proposals for reduction of consumption of energy.
 - a) Improving system power factor by adding capacitors.
 - b) Replacing existing machines/equipments with more productive energy efficient machines/ equipments.
- iii) 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.
- iv) 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 2012-13	PREVIOUS YEAR 2011-12
1. Electricity		
a) Purchase unit	1994834	1713916
Total amount (Rs.)	15125178	10908594
Rate/ Unit (Rs.)	7.58	6.36
b) Own generation		
i) Through diesel generation unit	Nil	Nil
Units 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 (Tones)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
3. Furnace Oil / LDO		
Qty. (K. Litres)	27.00	36.40
Total cost (Rs.)	1300010	1568834
Average Rate (Rs.)	48.15	43.10
4. Other/Internal Generation		
Qty (units)	Nil	Nil
Total cost (Rs.)	Nil	Nil
Rate /Unit (Rs.)	Nil	Nil
Consumption per liter of production Product	2012-13 Electricity (Kwh/Ltrs.)	2011-12 Electricity (Kwh/Ltrs.)
Ice cream	0.52	0.52



B) RESEARCH & DEVELOPMENT:

a. Specific areas in which R & D carried out by the Company:

The R & D efforts of the Company are directed towards process Development, energy conservation, pollution control, efficiency Improvement and quality up gradation.

b. Benefits derived as a result of the above R & D:

Improvement in quality and material utilization.

c. Future Plan of Action:

Continuation of the present work in R & D for introduction of new Products and processes improvement in the existing products and processes in the areas in which the Company is operating.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange outgoing for the year is USD 1,07,000 (P.Y. Rs. 4 Lakhs)

**For and on behalf of the Board
For VADILAL DAIRY INTERNATIONAL LIMITED**

Sd/-

Place : Mumbai

Date : 2nd September, 2013

**S. R. GANDHI
Managing Director**