



**CORPORATE INFORMATION:**

**BOARD OF DIRECTORS**

Mr. S. R. Gandhi (Managing Director)  
 Mr. S. P. Patil  
 Mr. V. D. Barhate  
 Mr. J. P. Ghaywan  
 (Ceased to be Director w.e.f. 10th February, 2012)  
 Mr. S. M. Patil  
 (Appointment of Additional Director w.e.f. 10th February, 2012)

**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

**BANKERS**

Bank of Baroda  
 Bank of India

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**TWENTY FIFTH ANNUAL GENERAL MEETING**

Day: Friday Date: 28th of September, 2012 Time: 11.30 A.M.

Venue: Plot no. M-13, MIDC, Industrial Area Tarapur, Boiser – 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.

**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](mailto:vadilal@vsnl.com)) as soon as possible.



**NOTICE**

**Notice** is hereby given that the Twenty Fifth Annual General Meeting of **VADILAL DAIRY INTERNATIONAL LIMITED** will be held at the Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar- 401506, Maharashtra on Friday, 28th September, 2012 at 11.30 A.M. to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider & adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 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 appoint a Director in place of **Mr. S. P. PATIL**, 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. S. M. Patil** who was appointed by the Board as an Additional Director with effect from 10<sup>th</sup> February, 2012 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 him 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.”

5. **To consider and, if thought fit, to pass with or without modification s, the following resolutions as Ordinary Resolutions:**

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269,309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), permission(s) and approval(s) and as are agreed to by the Board of directors (hereinafter referred to as the Board, which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorised by the Board in this behalf), consent of the shareholders be and is hereby accorded to the re-appointment of Mr. Shailesh R. Gandhi as Managing Director of the Company for a further period of five years with effect from October 1, 2012, on the remuneration as set out in the explanatory statement to Item No. 5.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to vary, alter and modify the terms and condition of re-appointment including remuneration structure of Mr. S. R. Gandhi as Managing Director by Remuneration Committee within the limits prescribed in Item No. 5 of the explanatory statement.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.”

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

Sd/-

**S.R. GANDHI  
Managing Director**

Place: Mumbai  
Date: 1<sup>st</sup> September, 2012

**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 HIM/HER 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 Monday, 24<sup>th</sup> September, 2012 to Friday, 28<sup>th</sup> September, 2012(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. and 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 Corporate 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.

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

**Sd/-**

**S.R. GANDHI  
Managing Director**

Place: Mumbai  
Date: 1st September, 2012

**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**

Mr. S. M. Patil was appointed as Additional Director of the Company in the Board Meeting held on 10<sup>th</sup> February, 2012 and as per Section 260 of the Companies Act, 1956 his term of office expires at the commencement of the forth coming annual general meeting. The Company has received a notice from the shareholders proposing his name for appointment as Director in the forthcoming Annual General Meeting.

The Board accordingly recommends the Ordinary Resolution for your approval.

**ITEM NO. 5**

Mr. S. R. Gandhi will be completing his current term as Managing Director of the Company on September 30, 2012. The Board recommends to the shareholders, the re-appointment of Mr. S. R. Gandhi as Managing Director for a further term of five years effective October 1, 2012 on the following terms:

**Fixed Pay (inclusive of salary, allowances and retirement benefits) to be payable monthly.** Such sum as may be determined by the Board and Remuneration Committee from time to time provided that the total fixed pay shall not exceed Rs. 1,00,000/- per month.

The Board recommends the resolution as set out in Item No. 5 for approval of the shareholders as an ordinary resolution. The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.

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

Sd/-

**S.R. GANDHI  
Managing Director**

Place: Mumbai  
Date: 1st September, 2012

**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 Fifth Annual Report for the financial year ended **March 31, 2012**.

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

<b>PARTICULARS</b>	<b>2011-2012</b>	<b>2010-2011</b>
<b>Profit Before Depreciation and Financial Charges</b>	<b>(30.82)</b>	<b>42.74</b>
Less: Depreciation	26.95	20.16
Financial Charges	3.38	3.47
<b>Profit Before Exceptional Items and Tax</b>	<b>(61.15)</b>	<b>19.11</b>
Exceptional Items	<b>140.07</b>	<b>Nil</b>
<b>Profit Before Tax</b>	<b>(201.22)</b>	<b>19.11</b>
Provision for Tax	Nil	NIL
<b>Profit After Tax</b>	<b>(201.22)</b>	<b>19.11</b>
Profit/(Loss )brought forward from last year	(193.87)	(212.98)
<b>Balance of Profit/(Loss) carried to Balance sheet</b>	<b>(395.09)</b>	<b>(193.87)</b>

**2. RESULTS OF OPERATIONS:**

The Company achieved the total revenue of Rs.2264.83 lacs as against Rs.1493.58 lacs achieved during the previous year ended on 31<sup>st</sup> March, 2011.

The Company incurred net loss of Rs. 201. 22 lacs as against net profit of Rs. 19.11 lacs earned for the year ended on 31<sup>st</sup> March, 2011.

There was significant inflation in prices of raw material, packing materials and other key input prices. This rise in costs of major ingredients of ice-cream coupled with non recovery of old debts put tremendous pressure on the margins of the business.

**3. Board for Industrial and Financial Reconstruction (BIFR):**

The Company was 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 it's above referred order necessary for rehabilitation of the 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 year. 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 had already received Rs. 2,50,00,000/- from promoters and its group companies as per the terms of BIFR's Order. As per Order of BIFR, the promoters and its group companies are to be issued equity shares against their investment in the company. The said amount is treated as share application money in the balance sheet, pending allotment, as the approval of shareholders is pending.

**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. S. P. Patil, Director of the Company, retire by rotation at this Annual General Meeting, and being eligible, offer 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 31<sup>st</sup> March, 2012, 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 31<sup>st</sup> March, 2012 on a going concern basis, **despite the fact that the Company's net worth is totally eroded. The Company's Rehabilitation Scheme as sanctioned by BIFR is under implementation. The Directors are hopeful that the Company's performance will improve after successful implementation of the Sanctioned Scheme.**

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, Company 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 the banks against the security of it's fixed deposits held in the banks.

During the year, being a licensed user of the reputed and an established Trademark of "Vadilal" for it's ice-cream products, the Company made the additional payment of security deposit to the licensors of the said Trademark in view of mutual understanding with the licensors.

**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 the Financial Statements 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. 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: 1st September, 2012

**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 will be reduction in energy consumption and consequent impact on the cost of production of goods.
- 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:**

<b>A) POWER &amp; FUEL CONSUMPTION</b>	<b>CURRENT YEAR 2011-12</b>	<b>PREVIOUS YEAR 2010-11</b>
<b>1. Electricity</b>		
a) Purchase unit	1713916	1336525
Total amount (Rs.)	10908594	7279443
Rate/ Unit (Rs.)	6.36	5.45
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
<b>2. Coal (Specify Quality &amp; where used)</b>		
Quantity (Tones)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
<b>3. Furnace Oil / LDO</b>		
Qty. (K. litres)	36.40	43.00
Total cost (Rs.)	1568834	1726980
Average Rate (Rs.)	43.10	40.16
<b>4. Other/Internal Generation</b>		
Qty (units)	Nil	Nil
Total cost (Rs.)	Nil	Nil
Rate /Unit (Rs.)	Nil	Nil
Consumption per liter of production	2011-12	2010-11
Product	Electricity (Kwh/Ltrs.)	Electricity (Kwh/Ltrs.)
Ice cream	0.52	0.55





**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:**

i) 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 and earnings for the year is Rs.4 lacs (P.Y. Rs. Nil)

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

**Sd/-**

**S.R. GANDHI  
Managing Director**

Place: Mumbai  
Date: 1st September, 2012



## **MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis Report form a part of the Annual Report of the Company. It indicates the Company's movement in the external environment Vis-a -Vis its own strengths and resources.

### **1. PERFORMANCE OF THE COMPANY:**

The Company is facing stiff competition from other ice-cream producing Companies. The Company is facing very heavy burden of Value Added Tax (VAT) and Central Excise (excise on ice-cream increased from 1% to 2% by the Government in the last Budget). Due to the above mentioned reasons coupled with inflation in the prices of raw material, packing material and other key inputs and non- recovery of old debt Ice Cream business has no longer remained profitable. However, Management is trying its best to improve the working of the Company.

### **2. STRATEGY:**

The Company has introduced new varieties of ice cream in more attractive packs and has made them available with the Company's stockists/dealers. The Company's policy of innovative scheme to attract consumers will be continued.

### **3. BUSINESS OUTLOOK:**

As per the order of the Board for Industrial and Financial Reconstruction (BIFR) Rehabilitation Scheme is under implementation and the Company is putting its best efforts with a view to take your Company back to its origin of pride and glory.

### **4. THREATS**

1. Marketing will be the most problematic area where improvements are called for Continuous quality improvement will be the need of the hour for which urgent measures are called for from all stakeholders.
2. Increasing competition from other manufactures and foreign Companies will be a major problem. Now-a-days the markets are flooded with new local and regional players with cheaper products. There are few concerns like rising infrastructure and input costs, which the Company should take in mind.

### **5. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has a compact organization Structure which helps it run business operation smoothly. The Company has adequate internal control system, commensurate with the size and nature of its operations. The scope of the internal audit is to ensure that the control system established by the management is correctly implemented.

All assets and resources are used efficiently and are adequately protected. All internal policies and statutory guidelines are complied with. There is accuracy in timing of financial reports and management information.

Audit Committee, the details of which has been provided in the Corporate Governance Report has been entrusted with detailed terms of reference to review and look into proper recording of transactions and preparation of financial statement. One of the important functions of the Audit Committee is to review the adequacy of internal control systems and compliance thereof.

### **6. HUMAN RESOURCE DEVELOPMENT:**

The Company's progress is largely attributed to the wholehearted support from its manpower. The technical team were constantly challenged for quality performance and expected to work with an entrepreneurial spirit on the project.

### **7. CAUTIONARY STATEMENT:**

Statements made in the Management Discussion and analysis describing business outlook, projections, opportunities and threats, etc. may be "forward looking statement" within the meaning of the applicable securities, laws and regulations. Actual results could differ from those expressed or implied. Readers are hence advised not to place undue reliance on these statements and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objections. Further, the discussion herein reflects the perception on major issues as on date and opinions expressed herein are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report, consequent to any new information, future event or otherwise.

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

**Sd/-**

**S.R. GANDHI  
Managing Director**

Place: Mumbai

Date: 1st September, 2012

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The foundation on which the super structure of Corporate Governance rests is in the "The Theory of Trusteeship". The shareholders while placing their capital in the hands of Board of Directors put them in the fiduciary capacity. The Trustees, in turn are required to run the business with **TRANSPARENCY, FULL DISCLOSURE, FAIRNESS to all and INDEPENDENT MONITORING AND SUPERVISION** which enables the Company to perform efficiently and maximize long term value for shareholders. This is the essence of '**GOOD CORPORATE GOVERNANCE**'. It also puts in place and enhances the trust of creditors, employees, suppliers, customers and public at large.

At Vadilal Dairy International Ltd. it is also considered as a business necessity and thus it has ensured:

- \* A strong team of non executive directors.
- \* Capable and result oriented management team.
- \* Due importance to compliance of laws, rules and regulations.
- \* Appropriate internal control systems and procedures to effectively monitor the role of the management and the affairs of the Company.

This year's annual report has made substantial disclosures on the Board of Directors, Financial and Stock performance which are as follows:-

**2. BOARD OF DIRECTORS:**

- i. The Board of Directors of the Company not only oversees the management functions but also supervises, directs and manages the performance of the Company.

The Board has constituted various committees of Directors', for the matters requiring special attention and their effective and efficient disposal.

- ii. The Board of Directors of the Company consists of Five Directors including a Managing Director. Out of Five Directors, Two are Non-Executive Directors. The said composition conforms to the clause 49 of the Listing Agreement entered into with Stock Exchange.

- iii. Details of the Directors constituting the Board, their attendance at the Board Meetings of the Company and the last Annual General Meeting and their Directorships in other Public Limited Companies (excluding 'Vadilal Dairy International Limited') are as follows:

Sr. No.	Name of Director	Designation	Attendance in Board meetings		Attendance in last AGM held on 29 <sup>th</sup> September, 2011
			Held	Attended	
1.	Mr. S. R. Gandhi	Managing Director, Executive Director	10	10	Yes
2.	Mr. S. P. Patil	Executive Director	10	10	Yes
3.	Mr. V. D. Barhate	Non- Executive Director	10	10	Yes
4.	Mr. J.P. Ghaywan	Non- Executive Director	10	8	Yes
5.	Mr. S. M. Patil	Executive Director	10	2	No

# Mr. J.P. Ghaywan, a Non- Executive Director resigned from Directorship on 10<sup>th</sup> February 2012, and Mr. S. M. Patil was appointed as an Additional Director on the same day.

**'Non-Executive Director' means an 'Independent Director' who apart from receiving Director's remuneration does not have any material pecuniary relationship or transactions with the Company, its promoters, its directors, its management or its subsidiaries and associates and nor is a substantial shareholder of the Company, which may affect independence of the Director.**

As stipulated under Clause 49 (I) (C) of the Listing Agreement, none of the Director is a Member of more than 10 Committees or a Chairman of more than 5 Committees across all the companies in which he is a Director. (Committees being Audit Committee and the Shareholders'/Investors' Grievance Committee)



iv. Ten Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follow:

11<sup>th</sup> May 2011, 11<sup>th</sup> July 2011, 10<sup>th</sup> August 2011, 6<sup>th</sup> September 2011, 11<sup>th</sup> November 2011, 3<sup>rd</sup> December 2011, 6<sup>th</sup> February 2012, 10<sup>th</sup> February 2012, 15<sup>th</sup> February 2012, 11<sup>th</sup> March, 2012.

**Details of Directors retiring by rotation and being eligible for re-appointment is as under.**

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. S. P. Patil is liable to retire by rotation. He being eligible, offers himself for re-appointment. A brief resume and other information as required under Clause 49(VI) (G) of the Listing Agreement in respect of the said Director are given as under:

<b>Name of Director</b>	Mr. S. P. Patil
<b>Date of Appointment</b>	01/05/2005
<b>Qualification</b>	Engineer-Production
<b>Nature of expertise in specific functional areas</b>	Production of food products

**Committees of the Board**

As of 31st March, 2012, your Company has three committees. They are:

- **Audit Committee**
- **Shareholder’s/Investor’s Grievance Committee**
- **Remuneration Committee**

**a) Audit Committee:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchange read with Section 292A of the Companies Act, 1956.

**Objective:**

The Audit Committee reviews, acts and reports to the Board of Directors, inter-alia, with respect to:

- discussion and review of quarterly, half yearly and annual financial results;
- review of the adequacy of the internal control system with the Management, Internal Auditors and Statutory Auditors;
- review of Company’s financial reporting processes, changes in the Accounting Policies and its compliance with regulatory guidelines;
- review of financial and risk management system;
- recommendation for appointment of Statutory Auditors and the remuneration payable to them.

The Committee also reviews the observations of the Internal and Statutory Auditors along with the comments and action taken thereon by the management and invites senior executives to its meetings as and when necessary.

**Composition & Meetings:**

The Audit Committee is composed of Executive and Non-Executive Directors as per the requirement of Clause 49 of the Listing Agreement. The members of the Audit Committee have requisite financial, legal and management expertise.

During the year under review 5 meetings of the Audit Committee were held on 11<sup>th</sup> May, 2011; 10<sup>th</sup> August, 2011; 6<sup>th</sup> September, 2011, 11<sup>th</sup> November, 2011 and 15<sup>th</sup> February, 2012.

Sr. No.	Name of Director	Designation	Attendance in Audit Committee meetings	
			Held	Attended
1.	Mr. V. D. Barhate	Non- Executive Director	5	5
2.	Mr. S. R. Gandhi	Executive Director	5	5
3.	Mr. J.P. Ghaywan	Non- Executive Director	5	4
4.	Mr. S. M. Patil	Executive Director	5	1

# Mr. J.P. Ghaywan, Non- Executive Director resigned from Directorship on 10<sup>th</sup> February 2012, and Mr. S. M. Patil was appointed as an Additional Director on the same day.

**b) Shareholder's/ Investor's Grievance Committee:****Objective:**

The Company has a Shareholders'/Investors' Grievance Committee which reviews & approves:

- issue of Duplicate Share Certificates;
- matters connected with transfer/credit of Securities
- redressal of Investors' / Shareholders' complaints related to non-receipt of declared dividend, transfer of shares, non-receipt of annual reports, non receipt of duplicate share certificates, etc.
- carrying out the secretarial audits.

**Compliance Officer**

Mr. Prakash Mistry  
Vadilal Dairy International Ltd.  
Plot No. M-13, MIDC Industrial Area,  
Tarapur, Boisar, Maharashtra.

**Composition & Meetings:**

During the year under review four meetings of Shareholders'/Investors' Grievance Committee were held on 25<sup>th</sup> June 2011, 15<sup>th</sup> September 2011, 26<sup>th</sup> December 2011, 15<sup>th</sup> March 2012.

The composition of the Shareholders'/Investors' Grievance Committee and the attendance record of the members of the Committee at the Meetings are given below:

Sr. No.	Name of Director	Designation	Attendance in Board meetings	
			Held	Attended
1.	Mr. V. D. Barhate	Non- Executive Director	4	4
2.	Mr. J. P. Ghaywan	Non- Executive Director	4	3
3.	Mr. S. P. Patil	Executive Director	4	4
4.	Mr. S. M. Patil	Executive Director	4	1

**c) Remuneration Committee & Director's Remuneration:****Objective:**

The broad terms of reference of the Remuneration Committee are as under:

- i. to review and approve the Company's policy on remuneration packages for the Chairman, Managing Director and other Senior Management of the Company including pension rights and any compensation payment;
- ii. to review and approve the minimum and maximum remuneration payable to such Directors in terms of such provisions as may be in force from time to time;
- iii. to review and approve the commission and/or other incentive payable to Non-Executive Directors of the Company;
- iv. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

**Composition:**

The composition of the Remuneration Committee is as under:

Sr. No.	Name of Director	Attendance in Board meetings	
		Held	Attended
1.	Mr. S.P.Patil	1	1
2.	Mr. V. D. Barhate	1	1
3.	Mr. J.P. Ghaywan	1	1

**Meetings:**

During the year under review, one Remuneration Committee meeting was held on 1<sup>st</sup> February, 2012.

The details of Sitting Fees paid to **Non-Executive Directors** during the year under review are as

Name of Directors	Sitting Fees for various Meetings attended
Mr. V. D. Barhate	*Rs.2,500/-

\*Includes sitting fees paid for attending Audit Committee / Shareholder's & Investor's Grievance Committee / Remuneration Committee Meetings.

**Remuneration to Managing Director**

During the year under review, provision has been made for remuneration to be paid to Mr. S. R. Gandhi @ Rs. 100000/- p.m. (inclusive of perquisites & allowances).

**3. General Body Meetings:**

The details of the date, time and location for the last three Annual General Meetings (AGM) including Extra-ordinary General Meeting (EGM) are as follows:

YEAR	AGM	LOCATION	DATE & TIME
2008-2009	22 <sup>nd</sup> AGM	Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane-401506, Maharashtra	September 30, 2009 10:00 AM
2009-2010	23 <sup>rd</sup> AGM	Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane-401506, Maharashtra	September 29, 2010 11:00 AM
2010-2011	24 <sup>th</sup> AGM	Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane-401506, Maharashtra	September 29, 2011 11.30 AM.

**Details of Special Resolutions passed during the last 3 Annual General Meetings**

Financial Year	Special Resolutions passed for:
2008-2009	Allotment of Equity linked Convertible ShareWarrants on preferential basis.
2009-2010	NOT APPLICABLE
2010-2011	NOT APPLICABLE

**4. DISCLOSURES:**

The Company has received disclosures from Directors/ Key Managerial Personnel where they and/or their relatives have personal interest. None of the transactions with related parties are in conflict with the interests of the Company at large.

**5. MEANS OF COMMUNICATION:****Financial Results**

The quarterly, half yearly and annual results are published in widely circulating national and local dailies viz. The Free Press Journal (English) and Navshakti (Marathi).

**6. Management Discussion and Analysis:**

Management Discussion and Analysis Report forms a part of the Annual Report for the year 2011-12.

**7. General Shareholder information:****Annual General Meeting**

<b>Date</b>	28th September, 2012
<b>Time</b>	11.30 A.M.
<b>Place</b>	Plot No. M-13, MIDC Ind.Area, Tarapur, Boisar, Maharashtra, Thane - 401506.
<b>Financial Year</b>	2011-12
<b>Book Closure</b>	24 <sup>th</sup> September, 2012 to 28 <sup>th</sup> September, 2012
<b>Dividend Payment Date</b>	Nil
<b>Listed on Stock Exchange</b>	Bombay Stock Exchange
<b>Stock Code</b>	519451
<b>Registrar and Transfer Agents</b>	<b>Sharex Dynamic (India) Private</b> Limited Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400072 Tel: (022) 2851 5606/ 2851 5644 Fax No. 2851 2885 Email: <a href="mailto:sharexindia@vsnl.com">sharexindia@vsnl.com</a>
<b>Distribution of Shareholding as on 31st March, 2012</b>	<b>As per Annexure A</b>

**Annexure A**

Shares (or Debenture)	No. of Holders	(%) of Holders	Total Shares	% of Shares
1 - 100	5354	98.26	116631.00	16.80
101 - 200	52	0.95	8017.00	1.15
201 - 500	24	0.44	7620.00	0.10
501 - 1000	3	0.06	1840.00	0.27
1001 - 5000	4	0.07	9089.00	1.31
5001 - 10000	3	0.06	23260.00	3.35
10001 - 100000	7	0.13	257863.00	37.15
100001 - above	2	0.04	269830.00	38.87
<b>T O T A L</b>	<b>5449</b>	<b>100.00</b>	<b>694150.00</b>	<b>100.00</b>

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

Sd/-

**S.R. GANDHI**  
Managing Director

Place: Mumbai  
Date: 1st September, 2012



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To  
The Members of  
Vadilal Dairy International Limited**

We have examined the compliance of conditions of Corporate Governance by **VADILAL DAILRY INTERNATIONAL LIMITED**. ("The Company") for the year ended 31st March, 2012, as stipulated by Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For B.V. Shah & Associates  
Chartered Accountants**

**Sd/-**

**Place: Mumbai  
Date: 1st September, 2012**

**Bharat V. Shah  
M.No.: 040210**





**MANAGING DIRECTORS' CERTIFICATION**

We, to the best of our knowledge and belief, certify that-

- a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2012 and that to the best of our knowledge and belief;
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable, to the Auditors and the Audit Committee that;
  - i. There were no material deficiencies in internal controls over financial reporting during the year;
  - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statements; and
  - iii. There were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

**Sd/-**

**S.R. GANDHI  
Managing Director**

**Place: Mumbai  
Date: 1st September, 2012**



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

The Board of Directors of Vadilal Dairy International Limited has adopted Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

I confirm that the Company has in respect of the financial year ended 31st March, 2012, received from the Senior Management Team of the Company and the Members of the Board a declaration of Compliance with the Code of Conduct as applicable to them.

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2012.

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

**Sd/-**

**S.R. GANDHI  
Managing Director**

**Place: Mumbai  
Date: 1st September, 2012**



**AUDITORS' REPORT**

To,  
The Members of  
M/S VADILAL DAIRY INTERNATIONAL LTD.

We have audited the Balance Sheet of VADILAL DAIRY INTERNATIONAL LIMITED as at 31st March 2012 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanation given to us, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
3. **Further to our comments in the Annexure referred to in paragraph 2 above, we report that:**
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of the books of account.
  - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub section (3c) of Section 211 of the Companies Act, 1956.
4. **We further report that -**
  - a) The Accounts have been prepared on 'going concern' basis.
  - b) We are of the opinion, that to the best of our information and according to the explanation given to us the accounts read together with the accounting policies and the notes thereon, give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - c) In the case of Balance Sheet of the State of affairs of the Company as at 31.3.2012 and
  - d) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.
  - e) In so far as it relates to the Cash Flow Statement of the Cash Flow for the year ended on that date.

**For B. V. Shah & Associates**  
Chartered Accountants

Sd/-

**Bharat V. Shah**  
Proprietor  
M No. 040210

Place : Mumbai  
Date : 01/09/2012



**ANNEXURE REFERRED TO IN PARAGRAPH 4 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF VADILAL DAIRY INTERNATIONAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012.**

**1. In respect of its fixed assets:**

- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
- b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.

**2. In respect of its inventories:**

- a. The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b. The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company has maintained proper records of inventory. As explained to us, the discrepancies noticed in physical verification of the stock as compared to book records were not material and the same have been properly dealt with in the books of accounts.

**3. In respect of loans covered under Section 301 of the Companies Act, 1956.**

- a. As per the information and explanation given to us and the records produced to us for our verification, the company had not granted loans, secured or unsecured, to any Company, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, except security deposits for the use of trademark "Vadilal".
- b. The Company has taken unsecured loan from parties covered in the register maintained under section 301 of the Companies Act, 1956, whose terms are not prejudicial to the interest of the company.

4. In our opinion and according to the information and explanations given to us, there exists an internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventories, fixed assets and with regard to sale of goods. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal audit department of the company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company.

**5. In respect of transactions covered under Section 301 of the Companies Act, 1956.**

- a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, transactions exceeding value of Rs. 500,000/- have been entered into during the financial year are reasonable and for price justification, reliance is placed on the information and explanation given by the management.

6. During the year the Company has not accepted any deposits under the provisions of Section 58A, 58AA of the Companies Act, 1956 and the Rules framed there under.

7. The Company has an Internal Audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government for maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956.

**9. In respect of statutory dues:**

- a. According to the information and explanations given to us, undisputed statutory dues including provident fund, investor education and protection fund, income tax, wealth tax, Custom duty, excise duty, cess and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities except in few cases.
- b. According to the information and explanation given to us, undisputed amounts payable in respect of sales tax, income tax, wealth tax, customs duty, excise duty and cess were in arrears as at 31.03.2012 for a period of more than six months from the date they became payable is as follows :

Sr. No.	Name of the Statute	Name of the Dues	Amount (in Lakhs)	Period to which the amounts relates
1	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	7.01 65.78 12.16 0.93	2002-03 2003-04 2004-05 CST
		MVAT	676.34	2007-12
2	Professional Tax	Professional Tax	2.53	2004-05
			2.30	2005-06
			2.23	2006-07
			2.32	2007-08
			1.87	2008-09
			1.42	2009-10
			1.30	2010-11
1.54	2011-12			
3	Income Tax Act 1961	TDS on Salaries	0.59	2006-07
4	Income Tax Act 1961	Fringe Benefit Tax	2.16	2008-09
5	Central Excise Act, 1944	Excise Duty	8.48	March 99 – June 99

- c. According to the information and explanation given to us, following are the various disputed liabilities against which appeals are pending with various statutory authorities:

Sr. No.	Name of the Statute	Nature of dues	Amount of Dispute (Net) (In Lakhs)	Period to which the amounts relates	Forum where dispute is pending
1	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	43.05	1992-93	Maharashtra Sales Tax Tribunal and Bombay High Court.
			12.60	1993-94	
			103.50	1994-95	
			25.88	1995-96	
			1.50	1999-00	
			0.29	2000-01	
		0.10	2001-02		
	Interest on MVAT Dues	233.18	2007-12	Board for Industrial Financial Reconstruction (BIFR)	
2	Central Excise Act 1944	Excise Duty	101.35	1-4-98 to Feb'99	Refer Note 1

Note 1. The Tribunal Appeal has been allowed in favour of the company. However the excise department may file appeal to the higher authorities.



10. In our opinion, the accumulated losses are more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered in the audit and not in the immediately preceding financial year.
11. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / society therefore the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. The Company has made investments in Shares during the year. Proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the investments have been held in the name of the company.
14. As per the information and explanation given to us the Company has not given guarantees for loan taken by others from banks or financial institutions.
15. The Company has raised a loan of Rs.1,00,90,000/- during the year against security of fixed deposits of the company.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on long term basis have been used for short term investment and funds raised on short term basis have been used for long term purposes except to the extent of funds invested in modernisation of plant for which loans were raised against fixed deposits with banks.
17. According to the information and explanations given to us, the Company has not made preferential allotment of equity and preference shares to companies covered in the register maintained under Section 301 of the Companies Act 1956.
18. During the year the Company has not issued any debenture.
19. The Company has not raised any money by public issue during the year.
20. As per the information and explanations given to us and on the basis of examination of records, no material fraud on or by the company was noticed or reported during the year.

**For B. V. Shah & Associates**

Chartered Accountants

Sd/-

**Bharat V. Shah**

Proprietor

M No. 040210

Place : Mumbai

Date : 01/09/2012



<b>BALANCE SHEET AS AT 31ST MARCH, 2012</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>2012 (₹)</b>	<b>2011 (₹)</b>
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2.1	6,941,500	6,941,500
(b) Reserves and surplus	2.2	(35,759,004)	(15,637,215)
(c) Money received against share warrants	-	-	-
<b>2. Share application money pending allotment</b>	-	<b>25,000,000</b>	19,700,000
<b>3. Non-current liabilities</b>			
(a) Long-term borrowings	2.3	16,599,890	10,152,086
(b) Deferred tax liabilities (net)	-	-	-
(c) Other long-term liabilities	2.4	60,120,554	41,618,095
(d) Long-term provisions	2.5	28,141,509	29,057,188
<b>4. Current liabilities</b>			
(a) Short-term borrowings	-	-	-
(b) Trade payables	2.6	31,024,279	20,737,520
(c) Other current liabilities	2.7	25,883,001	25,897,961
(d) Short-term provisions	2.8	5,437,228	5,016,928
<b>TOTAL</b>		<b>163,388,957</b>	143,484,063
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.9	34,183,790	15,090,773
(ii) Intangible assets	-	-	-
(iii) Capital work-in-progress	-	-	-
(iv) Intangible assets under development	-	-	-
(v) Fixed assets held for sale	-	-	-
(b) Non-current investments	2.10	2,500,000	2,519,212
(c) Deferred tax assets (net)	-	-	-
(d) Long-term loans and advances	2.11	22,914,269	16,384,169
(e) Other non-current assets	-	-	-
<b>2. Current assets</b>			
(a) Current investments	2.12	26,055,892	6,650,932
(b) Inventories	2.13	33,474,262	25,495,751
(c) Trade receivables	2.14	38,521,077	66,824,228
(d) Cash and cash equivalents	2.15	2,070,772	6,306,565
(e) Short-term loans and advances	2.16	284,615	440,699
(f) Other current assets	2.17	3,384,280	3,771,734
<b>TOTAL</b>		<b>163,388,957</b>	143,484,063

See accompanying notes forming part of the financial statements

Significant Accounting Policies

1

In terms of our report attached.

As per our report of even date

For B.V.SHAH & ASSOCIATES

Chartered Accountants

Sd/-

**BHARAT V. SHAH**

(Proprietor)

M.No.: 040210

Place: Mumbai

Date: 01/09/2012

For and on behalf of the Board of Directors

Sd/-

**SHAILESH R. GANDHI**  
MANAGING DIRECTOR

Sd/-

**S. M. PATIL**  
DIRECTOR



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012			
Particulars	Note No.	2012 (₹)	2011 (₹)
<b>A. CONTINUING OPERATIONS</b>			
1. Revenue from operations (net)	3.1	226,483,022	149,357,990
2. Other income	3.2	2,965,217	1,657,566
<b>3. Total revenue (1+2)</b>		<b>229,448,239</b>	<b>151,015,556</b>
<b>4. Expenses</b>			
(a) Cost of materials consumed	3.3	134,692,825	88,868,887
(b) Purchases of stock-in-trade			
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.4	383,187	(26,227)
(d) Employee benefits expense	3.5	12,551,669	11,224,660
(e) Finance costs	3.6	337,823	346,812
(f) Depreciation and amortisation expense		2,695,178	2,015,658
(g) Other expenses	3.7	84,902,586	46,673,846
<b>Total expenses</b>		<b>235,563,268</b>	<b>149,103,636</b>
<b>5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>(6,115,029)</b>	<b>1,911,920</b>
6. Exceptional items	3.8	14,006,760	-
<b>7. Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		<b>(20,121,789)</b>	<b>1,911,920</b>
8. Extraordinary items		-	-
<b>9. Profit / (Loss) before tax (7 ± 8)</b>		<b>(20,121,789)</b>	<b>1,911,920</b>
<b>10. Tax expense:</b>			
(a) Current tax expense for current year		-	-
(b) Deferred tax		-	-
<b>11. Profit / (Loss) from continuing operations (9 ± 10)</b>		<b>(20,121,789)</b>	<b>1,911,920</b>
<b>B. DISCONTINUING OPERATIONS</b>			
<b>12. Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)</b>		<b>-</b>	<b>-</b>
<b>13. Profit / (Loss) for the year (11 ± 13)</b>		<b>(20,121,789)</b>	<b>1,911,920</b>
<b>14. Earnings per share (of ₹10/- each):</b>			
(a) Basic			
(i) Continuing operations		(28.99)	2.75
(ii) Total operations		(28.99)	2.75
(b) Diluted			
(i) Continuing operations		-	-
(ii) Total operations		-	-
See accompanying notes forming part of the financial statements			

In terms of our report attached.

As per our report of even date

For B.V.SHAH & ASSOCIATES

Chartered Accountants

Sd/-

BHARAT V. SHAH

(Proprietor)

M.No.: 040210

Place: Mumbai

Date: 01/09/2012

For and on behalf of the Board of Directors

Sd/-

SHAILESH R. GANDHI  
MANAGING DIRECTOR

Sd/-

S. M. PATIL  
DIRECTOR





<b>CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012</b>				
<b>Particulars</b>	<b>2012</b>		<b>2011</b>	
	(₹)	(₹)	(₹)	(₹)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		<b>(16862343)</b>		6123605
<i>Adjustments for:</i>				
Depreciation and amortisation	2695178		2015658	
Finance costs	337823		346812	
Interest income	(1925986)		(630663)	
Dividend income	(481278)		(642747)	
Net (gain) / loss on sale of investments	(15091)		(144156)	
Rental income from investment properties	(240000)		(240000)	
Other non-cash charges (specify)	19212	389858	-	704904
Operating profit / (loss) before working capital changes		<b>(16472485)</b>		<b>6828509</b>
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(7978512)		(3012131)	
Trade receivables	28303151		6902697	
Long-term loans and advances	(6530100)		(15000000)	
Other current assets	387454		(282,188)	
Short term Loans & Advances	156084		1322556	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Other Long term Liabilities	17654186		23270244	
Trade payables	10286760		3777108	
Other current liabilities	(214959)		(31550590)	
Short-term provisions	1486845		915248	
Long-term provisions	(1133951)		981752	
		<b>42416958</b>		(12675304)
<b>Cash flow from extraordinary items</b>				
Prior year adjustment	(3259447)		(4211687)	
Cash generated from operations				
Net income tax (paid) / refunds	-	39157511		(16886991)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>22685026</b>		(10058482)
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(21886581)		(3203677)	
Proceeds from sale of fixed assets	36444			
Current investments not considered as Cash and cash equivalents				
- Purchased	(5255863)		(986903)	
- Proceeds from sale			1057000	
Purchase of current investments				
- Others	(15500000)			
Proceeds from sale of current investments				
- Others	1490175		2400000	
Interest received				
- Others	1925986		630663	
Dividend received				
- Others	419039		300000	
Rental income from investment properties	240000		240000	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(38530800)</b>		437083



CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012				
Particulars	2012		2011	
	(₹)	(₹)	(₹)	(₹)
<b>C. Cash flow from financing activities</b>				
Share application money received / (refunded)	1000000			
Proceeds from long-term borrowings	14315000		5295810	
Repayment of long-term borrowings	(3367196)		5672868	
Finance cost	(337823)		(346812)	
<b>Net cash flow from / (used in) financing activities (C)</b>		11609981		10621866
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		(4235793)		1000467
Cash and cash equivalents at the beginning of the year				
<b>Cash and cash equivalents at the end of the year</b>		2070772		13607061
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet	6306565		7307032	
Net Cash and cash equivalents	(4235793)		1000467	
<b>Cash and cash equivalents at the end of the year</b>	2070772		6306565	

Particulars	2012		2011	
	(₹)	(₹)	(₹)	(₹)
<b>Cash And cash equivalent comprises of:</b>				
(a) Cash on hand	171158		475741	
(c) Balances with banks				
(i) In current accounts	1899614	2070772	5830824	6306565

See accompanying notes forming part of the financial statements

In terms of our report attached.

As per our report of even date

For B.V.SHAH & ASSOCIATES  
Chartered Accountants

Sd/-  
BHARAT V. SHAH  
(Proprietor)  
M.No.: 040210

For and on behalf of the Board of Directors

Sd/-  
SHAILESH R. GANDHI  
MANAGING DIRECTOR

Sd/-  
S. M. PATIL  
DIRECTOR

Place: Mumbai  
Date: 01/09/2012



**NOTES FORMING PART OF FINANCIAL STATEMENT**

**NOTE 2.1 - SHARE CAPITAL**

Particulars	2012		2011	
	Number of shares	(₹)	Number of shares	(₹)
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each with voting rights	10,000,000	100,000,000	10,000,000	100,000,000
13.5% Non cummulative redeemable preference shares of ₹ 100 each	5,000,000	50,000,000	5,000,000	50,000,000
<b>Total</b>	<b>15,000,000</b>	<b>150,000,000</b>	<b>15,000,000</b>	<b>150,000,000</b>
<b>(b) Issued</b>				
Equity shares of ₹ 10/-each with voting rights	694,150	6,941,500	694,150	6,941,500
<b>(c) Subscribed and fully paid up</b>				
Equity shares of ₹ 10/- each with voting rights	694,150	6,941,500	694,150	6,941,500
<b>Total</b>	<b>694,150</b>	<b>6,941,500</b>	<b>694,150</b>	<b>6,941,500</b>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	2012		2011	
	Number of shares	(₹)	Number of shares	(₹)
<b>Equity Shares</b>				
Opening Balance	694,150	6,941,500	694,150	6,941,500
Closing Balance	694,150	6,941,500	694,150	6,941,500

**NOTE 2.2 - RESERVES AND SURPLUS**

Particulars	2012 (₹)	2011 (₹)
<b>(a) Capital reserve</b>		
Opening balance	3,750,000	3,750,000
Closing balance	3,750,000	3,750,000
<b>(b) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(19,387,215)	(21,299,133)
Add: Profit / (Loss) for the year	(20,121,789)	1,911,918
Amounts transferred from: profit and loss appropriation		
Closing balance	(39,509,004)	(19,387,215)
<b>Total</b>	<b>(35,759,004)</b>	<b>(15,637,215)</b>



**NOTES FORMING PART OF FINANCIAL STATEMENT**

**NOTE 2.3 - LONG-TERM BORROWINGS**

Particulars	2012 (₹)	2011 (₹)
<b>(a) Term loans</b>		
From banks		
Secured	<b>10,090,000</b>	3,329,000
Unsecured	-	-
	<b>10,090,000</b>	3,329,000
<b>(b) Deposits</b>		
Secured	-	-
Unsecured (Against Cold Rooms)	<b>5,225,000</b>	1,000,000
	<b>5,225,000</b>	1,000,000
<b>(c) Loans and advances from related parties (Refer Note (i))</b>		
Secured	-	-
Unsecured	<b>1,284,890</b>	5,823,086
	<b>1,284,890</b>	5,823,086
<b>Total</b>	<b>16,599,890</b>	10,152,086

**Notes:**

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of Repayment and Security	2012 (₹)	2011 (₹)
<b>Secured</b>			
Loan against FD	To be repaid on the maturity of the fixed deposit against which the loan is secured, or repayable when funds are available, secured by Fixed Deposits with Banks.	<b>10,090,000</b>	3,329,000
	(previous year)*	<b>(3,329,000)</b>	(1,100,000)
	<b>Total - loans from banks</b>	<b>10,090,000</b>	3,329,000
		<b>(3,329,000)</b>	(1,100,000)
<b>UnSecured</b>			
(a) Deposits	Deposits received from the C & F agent against security of Cold Storage Plants are repayable in 3-5 years.		
(b) Related Parties			

\* Previous Years Figures are in brackets ( )



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 2.4 - OTHER LONG-TERM LIABILITIES

Particulars	2012 (₹)	2011 (₹)
<b>Others:</b>		
(i) Vat Payable	49,633,700	27,570,244
(ii) M.S.T. Payable	4,104,602	8,494,826
(iii) Excise duty (highest MRP)	848,273	-
(iv) Debtors credit under protest	4,131,281	4,131,281
(v) Others	1,402,698	1,421,744
<b>Total</b>	<b>60,120,554</b>	<b>41,618,095</b>

## NOTE 2.5 - LONG-TERM PROVISIONS

Particulars	2012 (₹)	2011 (₹)
(a) Provision for gratuity (net)	1,270,091	1,125,429
Sub Total	1,270,091	1,125,429
(b) Provision - Others:		
(B) Provision for doubtful debts for advance to supplier	624,122	624,122
(C) Provision for doubtful advances	2,983,265	2,983,265
(D) Provision for FBT	662,312	662,312
(E) Provision for Excise Duty	10,376,999	11,437,340
(F) Provision for Expenses	12,224,720	12,224,720
Sub Total	26,871,418	27,931,759
<b>Total</b>	<b>28,141,509</b>	<b>29,057,188</b>

## NOTE 2.6 - TRADE PAYABLES

Particulars	2012 (₹)	2011 (₹)
Trade payables:		
Acceptances	31,024,279	20,737,520
Other than Acceptances	-	-
<b>Total</b>	<b>31,024,279</b>	<b>20,737,520</b>



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 2.7- OTHER CURRENT LIABILITIES

Particulars	2012 (₹)	2011 (₹)
(a) Unpaid dividends	162,409	162,409
(b) Application money received for allotment of securities and due for refund.	200,000	—
(c) <u>Other payables</u>		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	24,464,382	24,411,978
(ii) Others	1,056,210	1,323,574
<b>Total</b>	<b>25,883,001</b>	<b>25,897,961</b>

## NOTE 2.8 - SHORT-TERM PROVISIONS

Particulars	2012 (₹)	2011 (₹)
<b>(a) Provision for employee benefits:</b>		
(i) Provision for bonus	1,593,312	1,528,050
(ii) Provision for leave encashment	2,965,052	2,677,928
	<b>4,558,364</b>	<b>4,205,978</b>
<b>(b) Provision - Others:</b>		
(i) Provision for audit fees	-	218,272
(ii) Provision for expenses	-	592,678
(iii) Provision for excise duty	878,864	-
	<b>878,864</b>	<b>810,950</b>
<b>Total</b>	<b>5,437,228</b>	<b>5,016,928</b>



**NOTES FORMING PART OF FINANCIAL STATEMENT**

**NOTE 2.9 - FIXED ASSETS**

Sr. No.	Particulars	Gross Block at cost			Depreciation			Net Block	
		As on 01.04.2011 (₹)	Addition (₹)	Deductions/ Adjustment (₹)	As on 31.03.2012 (₹)	For the year (₹)	Deductions/ Adjustment (₹)	As on 31.03.2011 (₹)	As on 31.03.2012 (₹)
	<b>TANGIBLE ASSETS</b>								
1	LAND	2,249,100	-	-	2,249,100	24,290	-	1,832,233	1,807,943
2	BUILDING	14,197,840	165,258	349,737	14,013,361	573,517	349,737	5,129,615	4,721,356
3	PLANT & MACHINERY	33,789,886	21,614,253	2,866,082	52,538,057	2,038,632	2,866,082	7,685,751	27,261,372
4	FURNITURE & FIXTURES	1,138,475	25,051	1,066,667	296,859	5,508	1,066,667	66,483	86,026
5	VEHICLES	1,904,008	-	1,904,008	-	7,939	1,805,622	106,325	-
6	OFFICE EQUIPMENTS	1,212,563	82,019	469,699	824,883	45,292	469,699	270,366	307,093
7	ELECTRICAL INSTALLATIONS	2,674,823	-	2,674,823	-	-	2,674,823	-	-
	<b>TOTAL</b>	57,166,695	21,886,581	9,331,016	69,722,260	2,695,178	9,232,630	15,090,773	34,183,790
	<b>Previous Year</b>	53,963,018	3,203,677	-	57,166,695	2,015,658	-	13,902,755	15,090,773

**Notes:**

Assets appearing in the financial statement of the company, which are fully depreciated over the period of their estimated life but still forming part of gross block are being adjusted and shifted off the financial statements in view of proper and appropriate presentation of the financial statement.



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 2.10 - NON-CURRENT INVESTMENTS

Particulars	2012 (₹)	2011 (₹)
<b>(a) Other non-current investments</b>		
Shares Of BOB (Quoted: Market Value as on 31/3/12 - ₹ 15873000 )	1,700,000	1,700,000
Shares Of Sicom (Unquoted)	800,000	800,000
Gold Coins	–	19,212
<b>Total</b>	<b>2,500,000</b>	<b>2,519,212</b>

## NOTE 2.11 - LONG-TERM LOANS AND ADVANCES

Particulars	2012 (₹)	2011 (₹)
<b>(a) Security deposits</b>		
Unsecured, considered good	22,914,269	16,384,169
<b>Total</b>	<b>22,914,269</b>	<b>16,384,169</b>

## NOTE 2.12 - CURRENT INVESTMENTS

Particulars	2012 (₹)	2011 (₹)
<b>A. Other current investments</b>		
(i) Investment in equity instruments (Quoted) (Market Value as on 31/03/12 - ₹ 5213768)	5,255,863	–
(ii) Investment in mutual funds	–	1,350,903
(iii) Fixed Deposits with Banks	20,800,029	5,300,029
<b>Total</b>	<b>26,055,892</b>	<b>6,650,932</b>

## NOTE 2.13 - INVENTORIES

Particulars	2012 (₹)	2011 (₹)
(i) Raw materials (At Cost)	27,533,383	17,226,168
(ii) Finished goods (At cost or net realisable value, whichever is lower)	4,279,590	5,875,503
(iii) Stores and spares (At cost)	1,661,289	2,394,080
<b>Total</b>	<b>33,474,262</b>	<b>25,495,751</b>





## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 2.14 - TRADE RECEIVABLES

Particulars	2012 (₹)	2011 (₹)
(a) Trade receivables outstanding for a period not exceeding six months from the date they were due for payment. Unsecured, considered good	38,521,077	66,824,228
<b>Total</b>	<b>38,521,077</b>	<b>66,824,228</b>

## NOTE 2.15 - CASH AND CASH EQUIVALENTS

Particulars	2012 (₹)	2011 (₹)
(a) Cash on hand	171,158	475,741
(b) Balances with banks (i) In current accounts	1,899,614	5,830,824
<b>Total</b>	<b>2,070,772</b>	<b>6,306,565</b>

## NOTE 2.16 SHORT-TERM LOANS AND ADVANCES

Particulars	2012 (₹)	2011 (₹)
(a) Loans and advances to employees Unsecured, considered good	284,615	422,039
(b) Prepaid expenses Unsecured, considered good	–	18,660
<b>Total</b>	<b>284,615</b>	<b>440,699</b>

## NOTE 2.17 - OTHER CURRENT ASSETS

Particulars	2012 (₹)	2011 (₹)
(a) Accruals (i) Interest accrued on deposits	2,636,117	1,018,620
	2,636,117	1,018,620
(b) Others Income tax appeal	–	2,500,000
Sales tax refund receivable	–	90,225
TDS on FDR interest	285,198	91,773
TDS on interest	5,629	10,396
TDS on rent	24,000	60,720
Others	433,336	–
	748,163	2,753,114
<b>Total</b>	<b>3,384,280</b>	<b>3,771,734</b>



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 3.1 - REVENUE FROM OPERATIONS

Particulars	2012 (₹)	2011 (₹)
(a) Sale of products (Refer Note (i) below)	228,927,518	149,256,830
(b) Other operating revenues (Refer Note (ii) below)	673,353	339,988
Less: Excise duty	3,117,849	238,828
<b>Total</b>	<b>226,483,022</b>	<b>149,357,990</b>

## NOTES

Particulars	2012 (₹)	2011 (₹)
(i) <b>Sale of products comprises of :</b> Ice Cream Sales	228,927,518	149,256,830
<b>Total - Sale of products</b>	<b>228,927,518</b>	<b>149,256,830</b>
(ii) <b>Other operating revenues comprise of:</b> Sale of scrap	673,353	339,988
<b>Total - Other operating revenues</b>	<b>673,353</b>	<b>339,988</b>

## NOTE 3.2 - OTHER INCOME

Particulars	2012 (₹)	2011 (₹)
(a) <b>Dividend income:</b>		
From non current investments	330,000	300,000
From current investments	151,278	342,747
(b) <b>Net gain on sale of:</b>		
Current investments (Mutual funds)	77,034	144,156
(c) <b>Interest income comprises:</b>		
Interest from banks on Fixed deposits	1,878,791	533,487
MSBC Deposits	47,195	45,876
(d) <b>Other non-operating income comprises:</b>		
Rental income from Cold Storage Facility	240,000	240,000
Sundry balance written back	172,095	50,800
Excess provision written back	68,824	-
Others	-	500
<b>Total</b>	<b>2,965,217</b>	<b>1,657,566</b>



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 3.3 - COST OF MATERIALS CONSUMED

Particulars	2012 (₹)	2011 (₹)
<b>(a) Material consumed comprises:</b>		
<b>(i) Packing Material</b>		
Opening stock	7,628,004	8,062,211
Add: Purchases(Refer Note (i)a)	36,038,907	22,344,912
	43,666,911	30,407,123
Less: Closing stock	10,955,680	7,628,004
<b>Sub-Total</b>	<b>32,711,231</b>	<b>22,779,119</b>
<b>(ii) Raw Material</b>		
Opening stock	9,598,164	7,223,304
Add: Purchases (Refer Note (i)b)	108,961,133	68,464,628
	118,559,297	75,687,932
Less: Closing stock	16,577,703	9,598,164
<b>Sub Total</b>	<b>101,981,594</b>	<b>66,089,768</b>
<b>Total</b>	<b>134,692,825</b>	<b>88,868,887</b>

## NOTE (I) - PURCHASES OF RAW MATERIALS

Particulars	2012 (₹)	2011 (₹)
<b>(a) Packing material</b>	<b>36,038,907</b>	22,344,912
<b>(b) Raw material</b>		
Butter	5,546,000	4,168,000
Chocolate	6,694,887	4,825,640
Dry fruits	8,308,923	4,603,007
Other	21,245,763	16,921,391
Palm oil	12,730,840	10,396,240
S.M.P	43,966,045	19,921,000
Sugar	9,290,340	6,851,845
Freight for above purchases	1,178,335	777,505
	108,961,133	68,464,628
<b>Total</b>	<b>145,000,040</b>	<b>90,809,540</b>



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 3.4 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	2012 (₹)	2011 (₹)
<b>(a) Inventories at the end of the year:</b>		
Finished goods	4,279,590	4,662,777
	4,279,590	4,662,777
<b>(b) Inventories at the beginning of the year:</b>		
Finished goods	4,662,777	4,636,550
	4,662,777	4,636,550
<b>Net (increase) / decrease</b>	<b>383,187</b>	<b>(26,227)</b>

## NOTE 3.5 - EMPLOYEE BENEFITS EXPENSE

Particulars	2012 (₹)	2011 (₹)
(i) Salaries and wages	11,516,603	10,376,049
(ii) Contributions to provident and other funds	573,359	502,070
(iii) Staff welfare expenses	461,707	346,541
<b>Total</b>	<b>12,551,669</b>	<b>11,224,660</b>

## NOTE 3.6 - FINANCE COST

Particulars	2012 (₹)	2011 (₹)
<b>(a) Interest expense on:</b>		
(i) Bank Loan	165,507	268,732
(ii) C & F deposit	144,007	—
(b) Bank Charges	28,309	40,580
(c) Others	—	37,500
<b>Total</b>	<b>337,823</b>	<b>346,812</b>



## NOTES FORMING PART OF FINANCIAL STATEMENT

## NOTE 3.7 - OTHER EXPENSES

Particulars	2012 (₹)	2011 (₹)
Consumption of stores and spare parts	7,771,435	5,084,823
Power and fuel	13,127,113	9,129,391
Water	797,064	721,227
Rent	288,888	-
Repairs and maintenance - Buildings	190,721	264,848
Repairs and maintenance - Machinery	1,221,759	665,571
Insurance	169,357	148,070
Royalty	3,387,256	1,490,180
Rates and taxes	5,522,149	395,849
Communication	208,880	169,043
Printing and stationery	350,664	217,892
Freight and forwarding	18,275,437	12,279,198
Sales discount	16,824,234	7,450,900
Business promotion	1,878,212	-
Donations and contributions	8,275	35,502
Legal and professional	2,298,788	2,499,109
Payments to auditors (Refer Note (i) below)	67,416	60,665
Loss on fixed assets sold	61,942	-
Prior period items (net) (Refer Note (ii) below)	3,259,447	4,211,686
Advertisement	4,007,835	58,003
Loss on Stock	508,359	218,135
Miscellaneous expenses	4,677,355	1,573,754
<b>Total</b>	<b>84,902,586</b>	<b>46,673,846</b>

## NOTES:

## (i) PAYMENTS TO THE AUDITORS COMPRISES OF:

Particulars	2012 (₹)	2011 (₹)
As auditors - statutory audit	67,416	60,665
<b>Total</b>	<b>67,416</b>	<b>60,665</b>

## (ii) PRIOR PERIOD ITEM

Particulars	2012 (₹)	2011 (₹)
<b>Details of Prior period items (net)</b>		
Prior period:		
Expenses	4,033,904	4,990,486
Income	774,457	778,800
<b>Total</b>	<b>3,259,447</b>	<b>4,211,686</b>



**NOTES FORMING PART OF FINANCIAL STATEMENT**

**NOTE 3.8 - EXCEPTIONAL ITEMS**

Particulars	2012 (₹)	2011 (₹)
Bad Debts Written off	14,006,760	–
<b>Total</b>	<b>14,006,760</b>	<b>–</b>

**NOTE 4 - DISCLOSURES UNDER ACCOUNTING STANDARDS**

**NOTE 4.1 - RELATED PARTY**

Note	Particulars			
4.1.1	<b>Details of related parties:</b>			
	<b>Description of relationship</b>			
	Associates	Vadilal Industries Ltd Bela Investment & Finance Co. Ltd. Shree Jay Ambe Company		
	Key Management Personnel (KMP)	Shri S.R.Gandhi		
	Note: Related parties have been identified by the Management.			
4.1.2	<b>Details of related party transactions during the year ended 31 March, 2012:</b>			
	<b>Particulars</b>	<b>Associates</b>	<b>KMP</b>	<b>Total</b>
	Purchase of Packing/ Raw Material	1,323,290	–	1,323,290
		(884,802)	–	(884,802)
	Royalty	3,388,253	–	3,388,253
		(1,490,180)	–	(1,490,180)
	Process Hire Charges	120,000	–	120,000
	(120,000)	–	(120,000)	
Directors Remuneration	–	840,000	840,000	
	–	(840,000)	(840,000)	
	Note: Figures in bracket relates to the previous year			

**NOTE 4.2 - EARNING PER SHARE**

Note	Particulars	2012 (₹)	2011 (₹)
4.2.1	<b>Earnings per share</b>		
	<u>Basic</u>		
4.2.2	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(20,121,789)	1,911,920
	Less: Preference dividend and tax thereon	–	–
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(20,121,789)	1,911,920
	Earnings per share from continuing operations - Basic	(28.99)	2.75
4.2.3	<u>Total operations</u>		
	Net profit / (loss) for the year	(20,121,789)	1,911,920
	Less: Preference dividend and tax thereon	–	–
	Net profit / (loss) for the year attributable to the equity shareholders	(20,121,789)	1,911,920
	Earnings per share - Basic	(28.99)	2.75

**NOTES FORMING PART OF FINANCIAL STATEMENT****NOTE 4.3 - CONTINGENT LIABILITIES**

Note	Particulars
4.3.1	Contingent Liabilities are not recognised but are disclosed in financial statements. Provision involving substantial degree of estimation in measurement is recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources.

Note	Particulars	2012 (₹)	2011 (₹)
4.3.2	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (Excluding interest claimed by the parties )	7,601,886	7,601,886
	(b) Claims from Creditors/Stockiest whose credit balance have been assigned to a customer of the company	18,880,734	18,880,734
	(c) Income Tax demand for earlier years	2,701,112	2,701,112
	(d) Interest on VAT, as per Order of Additional Commissioner of Sales Tax for the Period April 2007 to March 2012 Challenged by company with BIFR	23,318,001	–
	(e) Water Charges not acknowledged	2,876,675	2,876,675
	(f) Difference in Rate of VAT contested before Maharashtra VAT Tribunal for the period Feb 2006 to January 2008	14,019,268	14,019,268

**NOTE 4.4 - PREVIOUS YEAR'S FIGURES**

Note	Particulars
4.4.1	The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Corporate information

VADILAL DAIRY INTERNATIONAL LIMITED is a Manufacturer of Ice Creams.

#### 1 Significant accounting policies

##### 1.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. In applying the Accounting Policies, considerations have been given to prudence, substance over form and Materiality. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### 1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### 1.3 Inventories

Inventories are valued as under : - Raw Materials, Packing Materials, Stores & Spares are valued at cost on FIFO basis after making provision for obsolescence & un-serviceability. - FINISHED GOODS & WORK IN PROGRESS at lower of cost or net realisable value. Cost comprises Material cost, cost of conversion, other expenses incurred to bring the inventories to their current condition and location.

##### 1.4 Depreciation and amortisation

Depreciation on fixed assets has been provided on Straight line method as the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

##### 1.5 Revenue recognition

###### Sale of goods

Sales are recognised, net of VAT, CST and excise duty, on transfer of significant risks and rewards of ownership to the buyer.

##### 1.6 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets include original cost of acquisition and installation. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

##### 1.7 Investments

Long-term investments are carried individually at cost. Current investments are also carried individually at cost

##### 1.8 Employee benefits

Employee benefits includes provident fund, gratuity fund, Leave encashment which are accounted on the basis of liability accrued.

##### 1.9 Borrowing costs

All the borrowing costs are charged to profit and loss account being revenue in nature.





**1.10 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the number of equity shares outstanding during the year. Since there are no dilutive potential equity shares, Diluted earnings per share is computed in the manner same as used for basic earnings per share.

**1.11 Taxes on income**

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

**1.12 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. After review of this year, no impairment is recognized, as there was no necessity.

**1.13 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**1.14 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and bank balances in current account. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**1.15 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**1.16 Others**

**1.16.1** Previous year figures are regrouped wherever necessary to make them comparable with the figures of the current year.

**1.16.2** Balances of loans/advances/ sundry creditors and debtors are subject to confirmation and adjustment if any.

**1.16.3** In the opinion of Board of Directors the Current Assets, Loans and advances are stated not above the realization value in the ordinary course of business.



**VADILAL DAIRY INTERNATIONAL LIMITED**

Regd. Office : Plot No. M-13, MIDC Indl. Area, Tarapur, Boisar, Thane, Maharashtra - 401 506.

**ATTENDANCE SLIP  
TWENTY FIFTH ANNUAL GENERAL MEETING**

No. of Shares :

Regd. Folio No.

I/We hereby record my/our presence at the 25th Annual General Meeting held at M-13, MIDC Industrial Area, Tarapur, Boisar, Maharashtra – 401 506 on Friday, the 28th September, 2012 at 11.30 A.M.

.....  
Signature of the Attending Proxy

.....  
Signature of the Attending Member

- Note: 1. Shareholders/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy holder desiring to attend the meeting should bring this Copy of the Annual Report for reference at the meeting.

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**VADILAL DAIRY INTERNATIONAL LIMITED**

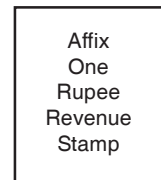
Regd. Office : Plot No. M-13, MIDC Indl. Area, Tarapur, Boisar, Thane, Maharashtra - 401 506.

**PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ being  
a Member/Members of Vadilal Dairy International Limited hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on  
my/belief at the Annual General Meeting of the Company scheduled to be held on Friday, the 28th September, 2012  
at 11.30 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signature :



**NOTES :**

1. The form should be signed across the stamp as per specimen signature(s) registered with the Company.
2. The proxy form must be deposited at the registered office of the company at registered office of the Company not less than forty eight hours before the commencement of the meeting.
3. A proxy need to be a member.