



**CORPORATE INFORMATION:**

**BOARD OF DIRECTORS**

Mr. Shailesh R. Gandhi (Managing Director)  
Mr. S. P. Patil  
Mr. V. D. Barhate  
Mr. J.P. Ghaywan

**AUDITORS**

**B .V SHAH & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

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

**CORPORATE OFFICE**

'Gul Manzil' 1<sup>st</sup> Floor,  
14, Dashrathlal Joshi Road,  
Vile Parle (W)  
Mumbai- 400 056

**BANKERS**

Bank of Baroda  
Bank of India

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**TWENTY FOURTH ANNUAL GENERAL MEETING**

Day: Thursday

Date: 29<sup>th</sup> of September, 2011

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 Fourth 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 Thursday, 29th September, 2011 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 2011 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. J. P. Ghaywan**, 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.

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

Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**

**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 Friday, 23<sup>rd</sup> September, 2011 to Thursday, 29<sup>th</sup> September, 2011 (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**

Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**

**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 Fourth Annual Report for the financial year ended **March 31, 2011.**

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

PARTICULARS	2010-2011	2009-2010
Profit Before Depreciation and Financial Charges	84.86	171.68
Less: Depreciation	20.16	22.07
Financial Charges	3.47	0.51
Profit before Prior Year adjustments	61.23	149.10
Prior year adjustments (net)	42.12	91.57
Profit Before Tax	19.11	57.53
Provision for Tax	Nil	Nil
Profit After Tax	19.11	57.53
Profit/(Loss )brought forward from last year	(212.98)	(270.51)
Balance of Profit/(Loss) carried to Balance sheet	(193.87)	(212.98)

**2. RESULTS OF OPERATIONS:**

The company achieved the total sales of Rs. 1490.18 lacs as against Rs. 1341.16 lacs achieved during the previous year ended on 31<sup>st</sup> March, 2010.

The company earned the profit after tax of Rs. 19.11 lacs as against Rs. 57.53 lacs earned for the year ended on 31<sup>st</sup> March, 2010.

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 put tremendous pressure on the margins of the business.

**3. 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.

**4. DIVIDEND:**

In view of the past 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. J.P.Ghaywan, 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, 2011, 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 2011 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 383A 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 short term loan 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 payment of outstanding royalty and 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 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. 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**

Place: Mumbai  
Date : 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**

**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:**

<b>A) POWER &amp; FUEL CONSUMPTION</b>	<b>CURRENT YEAR 2010-11</b>	<b>PREVIOUS YEAR 2009-10</b>
<b>1. Electricity</b>		
a) Purchase unit	1336525	1236490
Total amount (Rs.)	7279443	6164751
Rate/ Unit (Rs.)	5.45	4.99
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)	43.00	38.00
Total cost (Rs.)	1726980	1353480
Average Rate (Rs.)	40.16	35.62
<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	2010-11	2009-10
Product	Electricity	Electricity
	(Kwh/Ltrs.)	(Kwh/Ltrs.)
Ice cream	0.55	0.87



**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) Increase in productivity, improvement in quality and material utilization.
- ii) Reduction in manufacturing cost.

**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. Nil (P.Y. Rs. Nil)

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

Place: Mumbai  
Date : 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**



**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 introduced 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, 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**

Place: Mumbai  
Date : 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**





**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 Four Directors including a Chairman and a Managing Director. Out of Four Directors, Two are Non-Executive Independent 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 29th September, 2010
			Held	Attended	
1.	Mr. Shailesh R. Gandhi	Chairman, Managing Director, Non- Independent	5	5	Yes
2.	Mr. S. P. Patil	Non-Independent Director	5	5	Yes
3.	Mr. V. D. Barhate	Independent Director	5	5	Yes
4.	Mr. J.P. Ghaywan	Independent Director	5	5	Yes

**Independent Director' means a Non-Executive 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. Five 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:

15<sup>th</sup> May, 2010; 14<sup>th</sup> August, 2010; 21<sup>st</sup> August, 2010; 15<sup>th</sup> November, 2010; 8<sup>th</sup> February, 2011

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. J.P.Ghaywan 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

Name of Director	Mr. J.P.Ghaywan
Date of Appointment	11th August, 2008
Qualification	Indian Dairy Diploma(IDD)
Nature of expertise in specific functional areas	Production in Quality Control in respect of Dairy and Milk Products

#### Committees of the Board

As of 31st March, 2011, 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 / Non-Executive Independent 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 4 meetings of the Audit Committee were held on 15<sup>th</sup> May, 2010; 14<sup>th</sup> August, 2010; 15<sup>th</sup> November, 2010 and 8<sup>th</sup> February, 2011.

Sr. No.	Name of Directors	Designation	Attendance in Board meetings	
			Held	Attended
1.	Mr. Shailesh R. Gandhi (Chairman)	Non-Independent Director	4	4
2.	Mr. V. D. Barhate	Independent Director	4	4
3.	Mr. J.P. Ghaywan	Independent Director	4	4



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

**Objective:**

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

- i. issue of Duplicate Share Certificates;
- ii. matters connected with transfer/credit of Securities
- iii. 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.
- iv. carrying out the secretarial audits.

**Compliance Officer**

Mr. M. A. Thomas  
Vadilal Dairy International Ltd.  
Gul Manzil, 1st floor, 14 D. J. Road  
Vile Parle (West), Mumbai - 400056

**Composition & Meetings:**

During the year under review five meetings of Shareholders'/Investors' Grievance Committee were held on 15th May, 2010; 14th August, 2010; 21st August, 2010; 15th November, 2010 and 8th February, 2011.

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 Directors	Designation	Attendance in Board meetings	
			Held	Attended
1.	Mr. Shailesh R. Gandhi	Non-Independent (Chairman)	5	5
2.	Mr. V. D. Barhate	Non- Executive, Independent Director	5	5
3.	Mr. J.P. Ghaywan	Non- Executive, Independent Director	5	5

**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 Directors	Designation	Attendance in Board meetings	
			Held	Attended
1	Mr. S.P.Patil	Whole-time director, Non Executive	1	1
2.	Mr. V. D. Barhate	Non- Executive, Independent Director	1	1
3.	Mr. J.P. Ghaywan	Non- Executive, Independent Director	1	1

**Meetings:**

During the year under review, one Remuneration Committee meeting was held on 14th February, 2011.

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/-
Mr. J.P. Ghaywan	*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 have been made for remuneration to be paid to Mr. Shailesh R. Gandhi @ Rs. 70,000/- 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
2007-2008	21st AGM	Hotel Sanskurti, Plot no. X-75, MIDC Ind. Area, Malegaon Taluka Sinnar, Dist. Nasik- 422 103.	September 29,2008 10:00 AM
2008-2009	22nd AGM	Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane-401506, Maharashtra	September 30,2009 10:00 AM
2009-2010	23rd AGM	Plot no. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane-401506, Maharashtra	September 29,2010 11:00 AM

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

Financial Year	Special Resolutions passed for:
2007-2008	NOT APPLICABLE
2008-2009	Allotment of Equity linked Convertible Share Warrants on preferential basis.
2009-2010	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 2010-11.



## 7. General Shareholder information:

## Annual General Meeting

<b>Date</b>	29th September, 2011
<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>	2010-2011
<b>Book Closure</b>	23rd September, 2011 to 29th September, 2011
<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: sharexindia@vsnl.com
<b>Distribution of Shareholding as on 31st March,2011</b>	<b>As per Annexure A</b>

**Annexure A**

No. of Equity shares	No. of Shareholders	% of Shareholders	Total Amount	% of Amount
1 - 5000	5442	99.65	1322680.00	19.05
5001 - 10000	3	0.05	18400.00	0.27
10001 - 20000	1	0.02	10100.00	0.15
20001 - 30000	2	0.04	48290.00	0.70
30001 - 40000	1	0.02	32500.00	0.47
40001 - 50000	00	0.00	0.00	0.00
50001 - 100000	3	0.05	232600.00	3.35
100001 - above	9	0.16	5276930.00	76.02
<b>TOTAL</b>	<b>5461</b>	<b>100.00</b>	<b>6941500.00</b>	<b>100.00</b>

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

Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI**  
Managing Director



**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, 2011, 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**

Place: Mumbai  
Date: 6th September, 2011

**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, 2011 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**

Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**



**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, 2011, 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, 2011.

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

Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI  
Managing Director**





**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 2011 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 required 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 31.3.2011 and
  - d) In the case of the Profit and Loss Account, of the Profit 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

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

Place: Mumbai  
Date: 06/09/2011



**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 31ST MARCH 2011.**

**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 .
- b. The Company has taken unsecured loan from parties whose terms are not prejudicial to the interest of the company covered in the register maintained under section 301 of the Companies Act, 1956.

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 are informed that the Central Government has not prescribed under section 209(1)(d) of the Companies Act, 1956, maintenance of cost records for the products manufactured by the company.

**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 31.03.2011 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	4.60 45.41 65.78 12.16 0.93	2001-02 2002-03 2003-04 2004-05 CST
2	Maharashtra Industrial Development Corporation	Water charges	3.68	Old Dues
3	Professional Tax	Professional Tax	2.53 2.30 2.23 2.32 1.87 1.42 1.30	2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11
4	Income Tax Act 1961	TDS on Salaries	0.89 1.06 1.33	2004-05 2005-06 2006-07
5	Income Tax Act 1961	Fringe Benefit Tax	2.16	2008-09

- 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 12.60 103.50 25.88 1.50 0.29 0.10	1992-93 1993-94 1994-95 1995-96 1999-00 2000-01 2001-02	Maharashtra Sales Tax Tribunal
2	Central Excise Act 1944	Excise Duty	101.35 10.70	1-4-98 to Feb'99 March 99 to June 99	Refer Note 1 Refer Note 2

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

Note 2. The Tribunal appeal concluded in favour of the Excise department. However the company will file an appeal with higher authorities.



10. In our opinion, the accumulated losses are more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered in the audit and also 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 dealt in Mutual Fund investments during the year.
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 term loan of Rs. 13,29,000/- during the year against the 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 accumulated losses.
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

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

Place: Mumbai  
Date: 06/09/2011



BALANCE SHEET AS AT 31ST MARCH, 2011				
	SCH	2011 (Rs)		2010 (Rs)
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
(a) Share Capital	1	6941500		6941500
(b) Reserves & Surplus	2	3750000		3750000
<b>Total</b>		10691500		10691500
<b>Loan Funds</b>				
(a) Secured Loans	3	3329000		2000000
(b) Unsecured Loans		25316952		25021229
<b>Total</b>		39337452		37712729
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
(a) Gross Block	4	57166695		53963018
(b) Less : Depreciation		42075922		40060262
(c) Net Block		15090773		13902756
<b>Investments</b>				
	5	3870115		5340212
<b>Current Assets, Loans &amp; Advances</b>				
(a) Inventories	6	25495751		22483620
(b) Sundry Debtors	7	66824229		73726926
(c) Cash & Bank Balances	8	11606594		13607061
(d) Loans & Advances	9	20626601		6899394
		124553175		116717000
<b>Less : Current Liabilities &amp; Provisions</b>				
(a) Current Liabilities	10	90797417		86321820
(C) Provisions		32766408		33224553
		123563825		119546373
<b>Net Current Assets</b>				
		989350		(2829373)
<b>Miscellaneous Expenditure</b>				
[To the extent not written off or adjusted]		-		-
<b>Debit Balances in Profit &amp; Loss Account</b>				
	11	19387214		21299134
<b>Total</b>		39337452		37712729

Significant Accounting Policies	18
Notes Forming Part of Account	19
Cash Flow Statement	20
Schedule 1 to 11 & 18,19,20 Form part of this Balance Sheet	

As per our report of even date  
**For B.V.SHAH & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board

**BHARAT V. SHAH**  
(Proprietor)  
M.No.: 040210  
Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI**  
Managing Director

**S.P. PATIL**  
Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011			
	SCH	2011 (Rs)	2010 (Rs)
<b>INCOME</b>			
Sales	12	149018002	134116199
Other Income	13	1997554	1614177
Increase/(Decrease) in Finished Goods Stock	14	26227	789375
<b>Total</b>		<b>151041783</b>	<b>136519751</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	15	121277426	99433738
Depreciation		2015658	2207307
Selling & Distribution Expenses	16	21278281	19917852
Financial Expenses	17	346812	51112
<b>Total</b>		<b>144918177</b>	<b>121610009</b>
<b>Profit/(Loss) for the year</b>		<b>6123607</b>	<b>14909742</b>
Less : Prior year Adjustment (Net)		4211687	9157477
<b>Profit/(Loss) before tax</b>		<b>1911920</b>	<b>5752265</b>
Income Tax Provision		-	-
<b>Profit/(Loss) after Tax</b>		<b>1911920</b>	<b>5752265</b>
Balance Brought Forward from Previous Year		(21299134)	(27051399)
<b>Balance carried to Schedule 11</b>		<b>(19387214)</b>	<b>(21299134)</b>
Basic & Diluted Earnings (In Rs)		2.75	8.29
Per Equity Share of Rs. 10/- each			
[Refer Note No 8 of Schedule 19]			

Significant Accounting Policies	18
Notes Forming Part of Account	19
Cash Flow Statement	20
Schedule 12 to 17 & 18,19,20 Form part of this Profit & Loss Account	

As per our report of even date  
**For B.V.SHAH & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board

**BHARAT V. SHAH**  
(Proprietor)  
M.No.: 040210  
Place: Mumbai  
Date: 6th September, 2011

**SHAILESH R. GANDHI**  
Managing Director

**S.P. PATIL**  
Director



	2011 (Rs)	2010 (Rs)
<b>SCHEDULE -1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,00,000 (P.Y. 100,00,000) Equity Shares of Rs 10/- each	100000000	100000000
5,00,000 13.5% Non Cumulative Redeemable Preference Shares of Rs 100/- each	50000000	50000000
<b>Total</b>	150000000	150000000
<b>Issued, Subscribed &amp; Paid up</b>		
6,94,150 Equity Share of Rs 10/- each fully paid-up (P.Y. 6,93,000)	6941500	6941500
<b>Total</b>	6941500	6941500
<b>SCHEDULE -2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	3750000	3750000
Add: During the Year	-	-
<b>Total</b>	3750000	3750000
<b>SCHEDULE -3</b>		
<b>SCHEDULE LOANS</b>		
<b>Secured Loan</b>		
Loan against Fixed Deposit	3329000	2000000
<b>Total</b>	3329000	2000000



**SCHEDULE 4  
FIXED ASSETS AS ON 31-03-11**

BLOCK	PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Balance	AS ON 31-03-2011	
1.	LAND & BUILDING	16446940	--	--	16446940	9052540	432552	--	9485092	6961848	
2.	FURNITURE & FIXTURES	1125275	13200	--	1138475	1063789	8203	--	1071992	66483	
3.	ELECTRICAL INSTALLATIONS	2674823	--	--	2674823	2674638	185	--	2674823	--	
4.	PLANT & MACHINERY	30735153	3054733	--	33789886	24600167	1503966	--	26104135	7685751	
5.	OFFICE EQUIPMENTS	1076819	135744	--	1212563	887279	54918	--	942197	270366	
6.	VEHICLES	1904008	--	--	1904008	1781849	15834	--	1797683	106325	
	TOTAL	53963018	3203677	--	57166695	40060262	2015658	--	42075922	15090773	
	PREVIOUS YEAR	50314358	3648875	215	53963018	37852956	2207307	--	40060263	13902755	





	2011 (Rs)	2010 (Rs)
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
<b>Long term Investments (Other than Trade)</b>		
<b>[A] Quoted</b>		
<b>(i) Bank of Baroda</b>	1700000	1700000
20000 ( P.Y. 20000) Equity Shares of Rs.10/- each fully paid up. (Aggregate market value Rs.1,92,63,000./- p.y. Rs.1,27,85,000/-)		
<b>(ii) Mutual Fund</b>	1350903	2764000
(Aggregate market value Rs.14,74,540/-p.y.Rs. 30,20,170/-)		
<b>[B] Unquoted</b>		
<b>(i) SICOM Ltd.</b>	800000	800000
10000 ( P.Y. 10000) Equity shares of Rs. 10/- each fully paid up		
<b>(ii) Other Investment</b>	19212	19212
<b>(iii ) 7 Years National Saving Certificates</b>	-	57000
[Lodged with Govt. Authorities to the extent of Rs.Nil] ( P.Y. Rs.12000/-)		
<b>Total</b>	3870115	5340212
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
[As taken, valued and certified by the Management]		
Stores & Spares (At Cost)	3606806	2561555
Raw Materials & Packing Material (At Cost)	17226168	15285515
Finished Goods (At Cost or Net Realisable value whichever is lower )	4662777	4636550
<b>Total</b>	25495751	22483620
<b>SCHEDULE - 7</b>		
<b>DEBTORS : - (Unsecured, Considered good)</b>		
Debts Outstanding for a period exceeding six months	-	6,746,761
Other Debts	66,824,229	66,980,165
<b>Total</b>	66824229	73726926



	2011	2010
	(Rs)	(Rs)
<b>SCHEDULE - 8</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	475741	502600
<b>Bank Balances with schedule banks :</b>		
In Current Account**	5,830,824	3638093
In Fixed Deposit Account [Fixed Deposit with Schedule Bank]	5,300,029	9365256
<b>Bank Balances with Non schedule banks :</b>	-	101 111
** Rs.1130000/- (Rs.1130000/-) is lying in the Union Bank of India No Lien Account i.e. restricted Bank Balance		
<b>Total</b>	11606594	13607061
<b>SCHEDULE - 9</b>		
<b>LOANS &amp; ADVANCES</b>		
[Unsecured, considered good]		
(a) Advances Recoverable in cash or in kind or for value to be received	3911663	4620130
(b) Staff Advances	315769	339581
(c) Deposit with Government Authorities	1398069	1398583
(d) Other Trades/Security Deposit	15001100	541100
<b>Total</b>	20626601	6899394



	2011 (Rs)	2010 (Rs)
<b>SCHEDULE - 10</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors - Goods & Capital Items	21623068	17033791
- Expenses	7066076	12784623
Sub -Total	28689144	29818414
Add: Other Liabilities including Duties & Taxes	61945864	56340997
Total	90635008	86159411
Investor Education & Protection Fund :		
i) Unclaimed Dividend*	16 2409	162409
<b>Total</b>	<b>90797417</b>	<b>86321820</b>
* Rs 162409/- due & outstanding to be credited to this fund.		
<b>PROVISIONS</b>		
Provisions for Leave Encashment	2677928	2448729
Provision for Excise Duty	11437340	11437340
Provi sion for Expenses & Other Provisions	16460778	16841493
Provision for Taxation	662312	1062312
Provision for Bonus	1528050	1434679
<b>Total</b>	<b>32766408</b>	<b>33224553</b>
<b>Total</b>	<b>123563825</b>	<b>119546373</b>
<b>SCHEDULE - 11</b>		
<b>DEBIT BALANCE OF PROFIT &amp; LOSS ACCOUNT</b>		
Balance of Loss / (Profit) from P&L A/c	21299134	27051399
Add \Less: Current Year loss/(profit)	(1,911,920)	(5,752,265)
Balance in Loss / (Profit) Account Carried to B/S	19387214	21299134



## SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2011	2010
	(Rs)	(Rs)
<b>SCHEDULE - 12</b>		
<b>SALES</b>		
Sales (net of returns)	149256830	134116199
Less : Excise Duty	238828	-
<b>Total</b>	<b>149018002</b>	<b>134116199</b>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Interest Received [Gross]	533487	833089
[T.D.S. Rs 53,800/ - Previous year Rs 79,955/-]		
Miscellaneous Sales	339988	294854
Dividend Income	642747	180000
Cold Storage Rent	240000	240000
Income From Redemption of Mutual Fund	144156	64580
Other Income	46376	1654
NSC Interest	50800	-
<b>Total</b>	<b>1997554</b>	<b>1614177</b>
<b>SCHEDULE - 14</b>		
<b>INCREASE /(DECREASE) IN FINISHED GOODS STOCKS</b>		
Closing stock of Finished Goods	4662777	4636550
Less : Opening Stock of Finished Goods	(4636550)	3847175
<b>Increase/ (Decrease) in Finished Goods Stock</b>	<b>26227</b>	<b>789375</b>



	2011	2010
	(Rs)	(Rs)
<b>SCHEDULE - 15</b>		
<b>MANUFACTURING &amp; OTHER EXPENSES</b>		
Consumption of Raw Material & Packing Materials :		
Opening Stock	15285515	10508938
Add : Purchases	92238539	73110994
Total	107524054	83619932
Less : Closing Stock	18655167	15285515
Total	88868887	68334417
Service Tax Paid On Transport of Goods	390749	322562
Power & Fuel(Uilities)	9850618	8124277
Stores & Spares Consumption	5084823	3033100
Plant Operative Expenses	158560	107768
Process Hire Charges	120000	120000
Re pairs & Maintenance - Building	264848	78980
- Plant & Machinery	411174	114184
- Others	239622	110239
Cleaning & Process Charges	164414	108169
Laboratory Expenses	299593	76003
Research & Development Expense	-	42
Other Direct Expenses	4835	439864
Rates & Taxes	5100	7000
Insurance	123008	161693
Vehicles Repairs & Petrol	57845	84256
Travelling & Conveyance	313782	283407
Telephone & Postages	227977	227770
Printing & Stationery	214567	176219
Labour Charges	55250	79990
Job Charges	211777	143917
Loss on production & Dispatches	218135	92842
<b>[A]</b>	<b>107285564</b>	<b>82226699</b>
<b>EMPLOYEE EXPENSES</b>		
Salary, Wages and Allowances	9008417	9947610
Staff Welfare Expenses	346541	447996
Contribution to P.F. etc.	502070	548280
VRS, Superannuation, Gratuity etc.	1452669	3443760
<b>[B]</b>	<b>11309697</b>	<b>14387646</b>
<b>MISCELLANEOUS EXPENSES</b>		
Monitoring Expenses	110,300	331899
<u>Auditors Remuneration For :</u>		
Audit Fees	60,665	55150
Donation	35,502	228000
Other Expense (Including Legal & Professional, and Security Charges etc.)	2475698	2204345
<b>[C]</b>	<b>2682165</b>	<b>2819394</b>
<b>Total [A+B+C]</b>	<b>121277426</b>	<b>99433738</b>



	<b>2011</b>	<b>2010</b>
	<b>(Rs)</b>	<b>(Rs)</b>
<b>SCHEDULE -16</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertising & Selling Expenses	58003	20959
Frei ght Despatch	12279198	11802579
Turnover Discount	7450900	6703560
Royalty	1490180	1340754
Sales Promotion Expenses	-	50000
<b>Total</b>	<b>21278281</b>	<b>19917852</b>
<b>SCHEDULE -17</b>		
<b>FINANCIAL EXPENSES</b>		
Bank Charges	40580	51112
Interest On Bank Loan	268732	-
Interest others	37500	-
<b>Total</b>	<b>346812</b>	<b>51112</b>



**SCHEDULES: 18**

**SIGNIFICANT ACCOUNTING POLICIES:**

1. **METHOD OF ACCOUNTING:** The Company maintains its accounts on accrual basis.
2. **PROVISION OF CONTINGENT LIABILITIES:**  
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. Contingent liabilities are not recognized but are disclosed in the notes.
3. **FIXED ASSETS:** Fixed Assets are stated at original cost of acquisition and installation less Depreciation.
4. **DEPRECIATION:** Depreciation on fixed assets is provided on straight line method at the rate and in the manner prescribed in Schedules XIV of the Companies Act, 1956.
5. **INVESTMENTS:** Long Term Investments are stated at Cost. Provision for diminution in the value of the investments is made, only if such a decline is other than temporary in the opinion of the management.
6. **INVENTORY :** 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.
7. **SALES:** Sales and purchases are net of VAT, CST & EXCISE DUTY.
8. **RESEARCH AND DEVELOPMENT:** Revenue expenditure on research and development is charged under respective heads of Accounts. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.
9. **RETIREMENT BENEFITS:** Contribution to superannuation fund is accounted on the basis of liability accrued. Company's contribution to Provident Fund is charged to Profit & Loss Account. The Company has provided for Gratuity in the books of accounts.
10. **LEAVE ENCASHMENT:** Leave encashment is determined and accounted on the basis of actual calculations.
11. The preparation of financial statement in conformity with generally accepted accounting principles requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialized.
12. 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.



**SCHEDULE-19**  
**NOTES FORMING PART OF THE ACCOUNTS:**

1. CONTINGENT LIABILITIES:

( As certified by management and relied upon by the Auditors)	CURRENT YEAR (RUPEES)	PREVIOUS YEAR (RUPEES)
i) Claims lodged against the company not acknowledged as debts (Excluding interest claimed by the parties )	7,601,886	7,601,886
ii) Claims from Creditors/Stockiest whose credit balance have been assigned to a customer of the company	18,880,734	18,880,734
iii) Income Tax demand for earlier years	2,701,112	2,701,112
iv) Water Charges not acknowledged	2,876,675	2,876,675
v) Difference in Rate of VAT contested before Maharashtra VAT Authorities for the period Feb 2006 to January 2008	14,019,268	14,019,268

**Geographical Segment**

Since the Company's entire business is conducted within India, there are no separate reportable geographical segments.

2. RELATED PARTY DISCLOSURES :

a. List of and relationship with related parties with whom transactions have taken place during the year:

Name of the Related Party:	Nature of the Relationship
Vadilal Industries Limited	Associates
Bela Investment & Finance Company Ltd	Associates
Shree Jay Ambe Company	Associates
Shri S.R. Gandhi	Key Management Personnel

b. Transactions with Related Parties

Type of Related Party	Description of the Natures of the Transaction	Volume of transactions during 2010-2011
Associates	Purchase of Ice-Cream	Nil (11372116)
	Packing / Raw Materials	8,84,802 (5,15,702)
Associates	Royalty	14,90,180 (13,40,754)
	Process Hire Charges	1,20,000 (120,000)
Key management Personnel	Managerial Remuneration	8,40,000 (7,20,000)





3. The balances of Sundry Debtors, Creditors and advances are subject to confirmation. Adjustment including provision/write off if any, required in accounts will be made on final reconciliation and/or settlement.
4. In the absence of adequate information regarding Micro, Small & Medium Enterprises, the company is unable to give full particulars as required by the said Act.
5. Aggregate Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or provided for during the year to the Managing Director and other directors is Rs. 15,95,971/- (P.Y. Rs. 13,31,503/-).
6. Unclaimed dividends are subject to reconciliation.
7. Unless otherwise stated, in the opinion of the Board of Directors, the current assets, loans & advances are approximately of the value if realised in the ordinary course of business. The provisions for all known liabilities made are adequate and are neither short nor in excess of the amount reasonably necessary.
8. EARNING PER SHARE :

Earning per share :	2010-2011	2009-2010
i) Net Profit after tax available for Equity Share Holders in (Rs.)	19,11,856	5,752,265
ii) Weighted average of number of Equity shares outstanding during the year.	694,150	694,150
iii) Basic and Diluted Earnings per equity share Rs.10/- each (in Rs.)	2.75	8.29

- The amount used as numerator in calculating basic and diluted EPS is the net profit for the year disclosed in the Profit & Loss account after adjusting prior period adjustment of Rs.42,11,687/-, (P.Y. 91,57,477/-).

9. Figures in Brackets in the Notes forming part of the accounts relate to the previous year.
10. Previous year figures have been re-grouped/re-arranged wherever necessary to make them comparable with current year figures.

#### ADDITIONAL INFORMATION PERSUANT TO THE PROVISIONS OF SCHEDULE V1 TO THE COMPANIES ACT 1956

##### 11. LICENCED / INSTALLED CAPACITY AND PRODUCTION

Particulars	UNITS	Licensed	Installed	Production
		Capacity	Capacity	
ICE CREAM & JUICY	K.LITRES	30,780	13,800	2,411
		(30,780)	(13,680)	(1,426)
MILK & MILK PRODUCTS	TONS	250,000	300,000	-
BASED ON SINGLE SHIFT WORKING		Ltrs/day	(300,000)	

##### 12. TURNOVER

PRODUCTS	UNITS	Qty.	Value (Rs.)
ICECREAM & JUICY	K.LTRS	2,406	14,90,18,002
		(1,714)	(13,41,16,199)
MILK PRODUCTS	TONS	0	0
		0	0
TOTAL		2,406	14,90,18,002
		(1,714)	(13,41,16,199)

**13. STOCK**

PRODUCTS	UNITS	FINISHED GOODS	
		QTY	VALUE
			(RS.)
ICECREAM & JUICY	K LTRS	65.50	46,62,777
		(60.50)	(46,36,550)

**14. CONSUMPTION OF RAW MATERIALS & PACKING MATERIAL**

PRODUCTS	2010 -2011		
A) RAW MTERIALS	UNITS	QUANTITY	VALUE (RS.)
MILK	Ltrs.	2,52,306 (2,81,934)	47,62,583 (45,63,429)
CREAM/BUTTER	KGS	18,145 (19,485)	31,51,182 (34,00,316)
SKIMMED MILK POWDER	KGS	1,56,063 (1,09,700)	2,23,66,410 (1,30,45,540)
DRY FRUITS	KGS	12,987 (13,975)	46,03,007 (40,46,893)
SUGAR	KGS	2,33,150 (1,78,200)	66,36,443 (54,10,290)
B) PACKING MATERIAL			2,14, 77,756 (1,64,34,975)
C) OTHERS			2,58,71,506 (2,14,32,974)
TOTAL			<b>8,88,68,887</b> <b>(6,83,34,417)</b>

**15. VALUE OF RAW MATERIALS/ PACKING MATERIALS CONSUMED**

Particulars	Amount	%
	Rupees	
1] Imported	0	0
	(0)	(0)
2] Indigenous	8,88,68,887	100%
	(6,83,34,417)	(100)

**16. QUANTITATIVE DETAILS IN RESPECT OF TRADING GOODS**

Particulars	Unit	2010 -2011		2009 -2010	
		Qty	Value	Qty	Value
Purchases of Ice cream	K.Ltrs.	NIL	NIL	301	1,13,72,116



**17. STORES AND SPARE PARTS CONSUMED**

Particulars	Amount	%
	Rupees	
1] Imported	0	0
	(0)	(0)
2] Indigenous	50,84,823	100%
	(30,33,100)	(100)

**18. EXPENDITURE IN FOREIGN CURRENCY**

Particulars	Amount	%
Travelling Expenses	0	0
	(0)	(0)
Technical Know-how fees	0	0
	(0)	(0)
<b>TOTAL</b>	<b>0</b>	<b>0</b>
	(0)	(0)

**19. C.I.F. VALUE OF IMPORTS**

Particulars	Amount	%
Stores/Raw materials	0	0
	(0)	(0)
Capital goods.	0	0
	(0)	(0)
Others	0	0
	(0)	(0)

20. In view of Companies past brought forward losses and unabsorbed depreciation, company has not made any Provision for Taxation.

As per our report of even date  
For **B.V.SHAH & ASSOCIATES**  
Chartered Accountants

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

**Bharat V. Shah**  
Proprietor  
M.No. 040210  
Place: Mumbai  
Date: 06.09.2011

**Shailesh R. Gandhi**  
Managing Director

**S. P. Patil**  
Director



## Schedule No - 20

## Cash Flow Statement annexed to Balance Sheet for the period from April'10 to March'11

		YEAR ENDED 2010 - 11 Rs.	YEAR ENDED 2009 - 10 Rs.
A)	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
	Net profit Before tax and Prior Year Adjustments	- 6123607	14909742
	<b><u>Adjustments for</u></b>		
	Impairment of as sets	-	-
	Depreciation	2015658	2207307
	Income on Redemption of Mutual Fund	(144,156)	(64,580)
	Dividend Income	(642747)	(180,000)
	Cold Storage Rent	(240,000)	(240,000)
	Interest Income	(630663)	(833089)
	Interest charged	346812 704904	51112 940750
	Provision for Taxation & FBT	-	0
	Provision for Reduction in Value of Investments	-	-
	Operating profit before working capital changes	6828510	15850492
	<b><u>Adjustments for</u></b>		
	Trade and other receivables	(6824509)	(13409156)
	Inventories	(3012131)	(6508402)
	Trade Payabl es	4017452 (5819188)	21196678 1279121
	Cash generated form Operations	1009322	17129613
	Tax Paid	-	-
	<b>Cash flow before Extra -Ordinary items</b>	1009322	17129613
	<b><u>Less : Extra -Ordinary Items</u></b>		
	Prior Year Adjustment	4211687	9157477
	<b>Net cash from Operating Activities</b>	<b>(3202365)</b>	<b>7972135</b>
B)	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
	Purchase of Fixed Assets	(3203677)	(3648660)
	Cold Storage Rent	240,000	240,000
	Income on Redemption of Mutual Fund	144,156	64,580
	Dividend Income	642747	180,000
	Interest Income	630663	833,089
	Other income	-	-
	(Purchase) / Sale of Investments	1,470,097	(2,783,212)
	<b>Net cash used in Investing Activities</b>	<b>(76014)</b>	<b>(5114203)</b>
C)	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
	Calls in Arrears	-	11,500
	Proceeds form long term / short term borrowings	3,429,000	2300000
	Repayment of borrowings	(1,804,277)	-



Interest on Loan paid	(346812)	(51112)
<b>Net Cash used in Financing Activities</b>	<b>1277911</b>	<b>2260388</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(2000467)</b>	<b>5118320</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING (opening balance)</b>	<b>13607061</b>	<b>8488740</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END (closing balance)</b>	<b>11606594</b>	<b>13607061</b>
	<b>2000467</b>	<b>(5118320)</b>

## Notes to Cash Flow Statement for the year ended March 31, 2011

Particulars	31.03.11	31.03.10
<b>1 Cash &amp; Bank Balance</b>		
Cash in Hand	475741	502600
<b><u>Bank Balances With Scheduled Bank:</u></b>		
In Current Account	5830824	3638093
In Fixed Deposit Account	5300029	7756447
<b>Bank Balances With Non - Scheduled Banks</b>	-	1709920
<b>Total</b>	<b>11606594</b>	<b>13607061</b>

- 2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as Set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- 3 Previous Year's figures has been regrouped/rearranged to confirm to those of the Current Year's

As per our report of even date  
For **B.V.SHAH & ASSOCIATES**  
Chartered Accountants

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

**Bharat V. Shah**  
Proprietor  
M.No. 040210  
Place: Mumbai  
Date: 06.09.2011

**Shailesh R. Gandhi**  
Managing Director

**S. P. Patil**  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1) Registration Details:**

Registration no.	107525	State Code	11
Balance Sheet	31.3.11		

**2) Capital Raised during year: ( Amount in Rs. lacs )**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**3) Position of Mobilisation & Development of Funds**

Total Liabilities	39337452	Total asstes	39337452
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**Sources of Funds**

Paid-up Capital	6941500	Reserves & Surplus	3750000
Share Application Money	0	Secured Loans	3329000
		Unsecured Loans	25316952

**Application of Funds**

Net Fixed Assets	15090773	Investments	3870115
Net Current Assets	989350	Accumulated Losses	19387214

**4) Performance of Company**

Turnover & Other Inc.	151041783	Total Expenditure	144918177
Prior Year Adjustment	(4211687)		
Profit/(Loss) Before Tax	1911920	Profit/(Loss) After Tax	1911920
Provision for tax	Nil		
Earning Per Share in Rs.	2.75	Dividend Rate	Nil

**5) Generic Names Of Three Principal Products/Services Of Company**

Item Code No.	4021009	Product Description	Ice Cream
Item Code No.	4050001	Product description	Butter
Item Code No.	4061000	Product Description	Cheese



**VADILAL DAIRY INTERNATIONAL LIMITED**

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

**ATTENDANCE SLIP FOR**  
Twenty Forth Annual General Meeting

No. of Shares:

Regd.Folio No.

I/ We hereby record my/ our presence at the 24th Annual General Meeting held at M-13, MIDC Ind. Area, Tarapur, Boisar, Thane, Maharashtra -401506 on 29<sup>th</sup> of September, 2011.

.....  
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 his Copy of the Annual Report for reference at the meeting.

.....  
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**VADILAL DAIRY INTERNATIONAL LIMITED**

Regd. Office: M-13, MIDC Ind. Area, Tarapur, Boisar, Thane, Maharashtra-401506

**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/our behalf at the Annual General Meeting of the Company scheduled to be held on Thursday, the 29th of September, 2011 at 11.30 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature:

Affix One  
Rupee  
Revenue  
Stamp

**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 fortyeight hours before the commencement of the meeting.
3. A proxy need not be a member.