

Vadilal Dairy International Ltd.



Twenty Sixth Annual Report
2012-13



CORPORATE INFORMATION:

BOARD OF DIRECTORS

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

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

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

AUDITORS

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

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

REGISTRARS AND SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

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

REGISTERED OFFICE

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

BANKERS

Bank of Baroda
Bank of India
HDFC Bank Limited

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

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

TWENTY SIXTH ANNUAL GENERAL MEETING

Day: Monday

Date: 30th of September, 2013

Time: 11.30 A.M.

Venue: Plot No. M-13, MIDC, Industrial Area Tarapur, Boisar – 401506, Maharashtra – 401506.

ATTENTION

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

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



NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

Registered Office:

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



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 26th September, 2013 to Monday, 30th September, 2013(both days inclusive) for the purpose of Annual General Meeting.
3. (a) Members are requested to notify change of address, if any, with PIN CODE number and quoting reference of their Folio Number/s.
(b) In case your mailing address mentioned on this Annual Report is without the PIN CODE then you are requested to inform your PIN CODE immediately.
4. Members are requested to quote Folio Numbers in all correspondences.
5. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except holidays between 10.00 a.m. to 12.00 noon up to the date of Annual General Meeting.
6. In case you intend to raise any query in the forthcoming Annual General Meeting you are requested to please forward the same at least 7 days before the date of the meeting to the Registered Office, so that the same may be attended to your entire satisfaction.
7. Members are requested to bring their copy of Annual Report along with them to the Meeting.
8. **Important Communication to Members**
The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this new path introduced on the front of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to send and accordingly register their e-mail addresses on the e-mail provided by the Company (vadilal@vsnl.com) as soon as possible.

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

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

Registered Office:

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



ANNEXURE TO NOTICE

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

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

ITEM NO. 4

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

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

The Board accordingly recommends the Ordinary Resolution for your approval.

None of the Directors are interested in the above Resolution.

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

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

Registered Office:

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

**DIRECTORS' REPORT**

To
The Members,
VADILAL DAIRY INTERNATIONAL LIMITED

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

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

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

2. RESULTS OF OPERATIONS:

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

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

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

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

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

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

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

4. DIVIDEND:

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



5. DIRECTORS:

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

6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) That in the preparation of the accounts for the financial year ended 31st March, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a going concern basis, **despite the fact that the Company's net worth is still negative. The Company's Rehabilitation Scheme as sanctioned by BIFR is under implementation. The Directors are hopeful that the Company's performance will improve in the forthcoming financial years.**

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

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

8. FINANCE:

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

9. AUDITORS AND AUDITORS' REPORT:

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

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

10. CORPORATE GOVERNANCE REPORT:

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

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



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

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

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

12. COST AUDITORS:

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

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

13. PERSONNEL:

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

14. STATUTORY DISCLOSURES:

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

15. ACKNOWLEDGEMENT:

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

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

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013

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

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

A) CONSERVATION OF ENERGY:

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

**FORM – A
(SEE RULE -2)****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :**

A) POWER & FUEL CONSUMPTION	CURRENT YEAR 2012-13	PREVIOUS YEAR 2011-12
1. Electricity		
a) Purchase unit	1994834	1713916
Total amount (Rs.)	15125178	10908594
Rate/ Unit (Rs.)	7.58	6.36
b) Own generation		
i) Through diesel generation unit	Nil	Nil
Units per litre of diesel	Nil	Nil
Cost/unit (Rs.)	Nil	Nil
ii) Through Steam Turbine /Generator units	Nil	Nil
Units per Litre of fuel oil/ Gas	Nil	Nil
2. Coal (Specify Quality & where used)		
Quantity (Tones)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
3. Furnace Oil / LDO		
Qty. (K. Litres)	27.00	36.40
Total cost (Rs.)	1300010	1568834
Average Rate (Rs.)	48.15	43.10
4. Other/Internal Generation		
Qty (units)	Nil	Nil
Total cost (Rs.)	Nil	Nil
Rate /Unit (Rs.)	Nil	Nil
Consumption per liter of production Product	2012-13 Electricity (Kwh/Ltrs.)	2011-12 Electricity (Kwh/Ltrs.)
Ice cream	0.52	0.52



B) RESEARCH & DEVELOPMENT:

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

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

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

Improvement in quality and material utilization.

c. Future Plan of Action:

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

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

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai

Date : 2nd September, 2013



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. 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**

Sd/-

**S. R. GANDHI
Managing Director**

Place : Mumbai
Date : 2nd September, 2013

**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 consisted of Five Directors including a Managing Director. Out of Five Directors, Three are Non-Executive Independent Directors. The said composition complies with 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 are as follows:

Sr. No	Name of Director	Designation	Attendance in Board meetings		Attendance in last AGM held on 28 th September, 2012
			Held	Attended	
1.	Mr. Shailesh R. Gandhi	Managing Director, Non- Independent (Chairman)	10	9	Yes
2.	Mr. Subhashchandra P. Patil	Non-Executive Independent Director	10	10	Yes
3.	Mr. Vishnu D. Barhate	Non-Executive Independent Director	10	10	Yes
4.	Mr. Sandeep M. Patil #	Executive Non-Independent Director	10	5	Yes
5.	Mr. Prakash O. Mankar #	Non-Executive Independent Director	10	5	No

#Mr. Sandeep M. Patil, Executive Non-Independent Director resigned from his Directorship on 1st February 2013, and Mr. Prakash O. Mankar was appointed as an Additional Director on 1st February 2013.



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:

15th May 2012, 14th August 2012, 1st September 2012, 12th November 2012, 1st February 2013, 14th February 2013, 27th February 2013, 15th March 2013, 28th March, 2013, 30th March, 2013.

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. Vishnu D. Barhate 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 of the Listing Agreement in respect of the said Director are given as under:

Name of Director	Mr. Vishnu D. Barhate
Date of Appointment	23/09/1999
Qualification	Dairy Technologist.
Nature of expertise in specific functional areas	Production of Dairy & Milk Products.

Committees of the Board

As of 31st March, 2013, 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 5 meetings of the Audit Committee were held on 15th May, 2012; 14th August, 2012; 1st September, 2012, 12th November, 2012 and 28th March, 2013.

Sr. No.	Name of Director	Designation	Attendance in Audit Committee meetings	
			Held	Attended
1.	Mr. Vishnu D. Barhate	Non-Executive Independent Director (Chairman)	5	5
2.	Mr. Shailesh R. Gandhi	Executive Non-Independent Director	5	5
3.	Mr. Subhashchandra P. Patil	Non-Executive Independent Director	5	5

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 21st May, 2012, 10th August, 2012, 10th October, 2012, 30th March, 2013.

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 Shareholders'/Investors' Grievance Committee meetings	
			Held	Attended
1.	Mr. Vishnu. D. Barhate	Non-Executive Independent Director (Chairman)	4	4
2.	Mr. Subhashchandra P. Patil	Non-Executive Independent Director	4	4
3.	Mr. Sandeep Patil #	Executive, Non-Independent Director	4	3
4.	Mr. Prakash O. Mankar #	Non-Executive Independent Director	4	1

#Mr. Sandeep M. Patil, Executive, Non-Independent Director resigned from his Directorship on 1st February 2013 and Mr. Prakash O. Mankar was appointed as an Additional Director on 1st February 2013.

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

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

- 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;
- 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;
- to review and approve the commission and/or other incentive payable to Non-Executive Directors of the Company;
- 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	Designation	Attendance in Remuneration Committee meetings	
			Held	Attended
1.	Mr. Subhashchandra P. Patil	Non-Executive Independent Director (Chairman)	1	1
2.	Mr. Vishnu D. Barhate	Non-Executive Independent Director	1	1
3.	Mr. Sandeep M. Patil	Executive Non-Independent Director	1	1

Meetings:

During the year under review, one Remuneration Committee meeting was held on 1st September, 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. Subhashchandra P. Patil	2500/-
Mr. Vishnu D. Barhate	2500/-
Mr. Prakash O. Mankar	2500/-

*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, provisions have been made for remuneration to be paid to Mr. Shailesh R. Gandhi @ Rs. 1,00,000/- 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/EGM	LOCATION	DATE & TIME
2009-2010	23 rd AGM	Plot No. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane - 401506, Maharashtra	September 29, 2010 11:00 AM
2010-2011	24 th AGM	Plot No. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane - 401506, Maharashtra	September 29, 2011 11.30 AM.
2011-2012	25 th AGM	Plot No. M-13, MIDC, Industrial Area Tarapur, Boisar, Thane - 401506, Maharashtra	September 28, 2012 11.30 AM.

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

Financial Year	Special Resolutions passed for:
2009-2010	NOT APPLICABLE
2010-2011	NOT APPLICABLE
2011-2012	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 2012-13.

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

Date	30 th September, 2013
Time	11.30 A.M.
Place	Plot No. M-13, MIDC Ind.Area, Tarapur, Boisar, MaharashtraThane - 401506.
Financial Year	2012-13
Book Closure	26 th September, 2013 to 30 th September, 2013
Dividend Payment Date	Nil
Listed on Stock Exchange	Bombay Stock Exchange
Stock Code	519451
Registrar and Transfer Agents	Sharex Dynamic (India) Private Limited. Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072 Tel : (022) 2851 5606 / 2851 5644 Fax No. : 2851 2885 • Email : sharexindia@vsnl.com
Distribution of Shareholding as on 31st March,2013	As per Annexure A

Annexure A

SHARE (OR DEBENTURE)	No. of Shareholders	% of Shareholders	Total Shares	% of Shares
UPTO TO 100	5354	98.27	116631	3.65
101 TO 200	52	0.95	8017	0.25
201 TO 500	24	0.44	7620	0.24
501 TO 1000	3	0.06	1840	0.06
1001 TO 5000	2	0.04	4260	0.13
5001 TO 10000	2	0.04	15260	0.48
10001 TO 100000	6	0.11	270692	8.47
100001 – above	5	0.09	2769830	86.72
T O T A L	5448	100.00	3194150	100.00

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

Sd/-

S. R. GANDHI
Managing Director

Place : Mumbai

Date : 2nd September, 2013



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, 2013, 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 : 2nd September, 2013

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, 2013 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 : 2nd September, 2013



**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, 2013, 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, 2013.

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

Sd/-

Place : Mumbai
Date : 2nd September, 2013

**S. R. GANDHI
Managing Director**



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of VADILAL DAIRY INTERNATIONAL LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. V. Shah & Associates

Chartered Accountants
Firm Registration No. 109511W

Sd/-

Bharat V. Shah

Proprietor
M No. 040210

Date : 02/09/2013

Place : Mumbai



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" of Our Report of even date.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. **In respect of its fixed assets:**
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - c. In our opinion and according to the information and explanations given to us, no substantial fixed asset has been disposed off during the year and therefore does not affect the going concern assumption.
2. **In respect of its inventories:**
 - a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. 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 has 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 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 is generally an adequate internal control procedure 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 the contracts or arrangements referred to in 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. As per information & explanations given to us and in our opinion, transactions exceeding value of Rs. 5,00,000/- 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. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the 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, E.S.I.C., Profession Tax, Investor Education and Protection Fund, Income Tax, TDS, Wealth Tax, Custom 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 income tax, wealth tax, customs duty, excise duty and cess and various other authorities were in arrears as at 31.03.2013 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	29.79	2003-04
			12.56	2004-05
		MVAT	496.34	2007-12
2	Professional Tax	Professional Tax	1.30	2010-11
			1.54	2011-12
			0.13	2012-13
3	Income Tax Act 1961	Fringe Benefit Tax	1.81	2008-09
4	Central Excise Act, 1944	Excise Duty	6.36	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	
		Interest on MVAT Dues	1.50	1999-00	Board for Industrial Financial Reconstruction (BIFR)
			0.29	2000-01	
0.10	2001-02				
233.18	2007-12				
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 also in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
13. According to information and explanations given to us, the Company has not made any investments in shares during the year.
14. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
15. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
16. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment similarly no funds raised on long term basis have been used for short term investment. During the year, the company has invested the funds in modernisation of plant which were raised through Unsecured loans.
17. The Company has issued 25 Lacs Equity Shares of face value of Rs. 10/- each at par to the promoters of the company on preferential basis as per the BIFR Order.
18. The Company has not issued any debenture.
19. The Company has not raised any money by public issue during the year.
20. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For B.V. Shah & Associates
Chartered Accountants
Firm Registration No. 109511W

Sd/-

Bharat V. Shah
Proprietor
M No. 040210

Place : Mumbai
Date : 02/09/2013



BALANCE SHEET AS AT 31ST MARCH, 2013			
Particulars	Note No.	2013 (₹)	2012 (₹)
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2.1	31,941,500	6,941,500
(b) Reserves and surplus	2.2	(45,572,508)	(35,759,004)
(c) Money received against share warrants	-	-	-
2. Share application money pending allotment			
	-	-	25,000,000
3. Non-current liabilities			
(a) Long-term borrowings	2.3	41,670,729	16,811,725
(b) Deferred tax liabilities (net)	-	-	-
(c) Other long-term liabilities	2.4	57,025,370	64,215,704
(d) Long-term provisions	2.5	16,121,817	28,141,509
4. Current liabilities			
(a) Short-term borrowings	-	-	-
(b) Trade payables	2.6	44,955,770	28,532,295
(c) Other current liabilities	2.7	18,259,948	25,444,036
(d) Short-term provisions	2.8	5,455,661	5,437,228
TOTAL		169,858,286	164,764,993
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.9	50,134,739	34,183,790
(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	6,071,400	4,388,862
(c) Deferred tax assets (net)	-	-	-
(d) Long-term loans and advances	2.11	23,274,714	22,914,269
(e) Other non-current assets	-	-	-
2. Current assets			
(a) Current investments	2.12	13,164,810	26,803,148
(b) Inventories	2.13	56,445,206	33,474,262
(c) Trade receivables	2.14	12,113,107	40,321,077
(d) Cash and cash equivalents	2.15	7,597,928	2,070,772
(e) Short-term loans and advances	2.16	380,612	284,615
(f) Other current assets	2.17	675,770	324,198
TOTAL		169,858,286	164,764,993

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

Firm Registration No. 109511W

Sd/-

BHARAT V. SHAH

(Proprietor)

M.No.: 040210

Place: Mumbai

Date: 02/09/2013

For and on behalf of the Board of Directors

Sd/-

SHAILESH R. GANDHI
MANAGING DIRECTOR

Sd/-

S. P. PATIL
DIRECTOR



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013			
Particulars	Note No.	2013 (₹)	2012 (₹)
A. CONTINUING OPERATIONS			
1. Revenue from operations (net)	3.1	245,923,171	226,483,022
2. Other income	3.2	3,256,432	2,965,217
3. Total revenue (1+2)		249,179,603	229,448,239
4. Expenses			
(a) Cost of materials consumed	3.3	164,364,250	135,376,866
(b) Purchases of stock-in-trade			
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.4	(2,162,768)	383,187
(d) Employee benefits expense	3.5	15,668,801	12,551,669
(e) Finance costs	3.6	1,720,652	337,823
(f) Depreciation and amortisation expense		3,848,401	2,695,178
(g) Other expenses	3.7	75,553,771	84,218,545
Total expenses		258,993,107	235,563,268
5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(9,813,504)	(6,115,029)
6. Exceptional items	3.8	-	14,006,760
7. Profit / (Loss) before extraordinary items and tax (5 ± 6)		(9,813,504)	(20,121,789)
8. Extraordinary items		-	-
9. Profit / (Loss) before tax (7 ± 8)		(9,813,504)	(20,121,789)
10. Tax expense:			
(a) Current tax expense for current year		-	-
(b) Deferred tax		-	-
11. Profit / (Loss) from continuing operations (9 ± 10)		(9,813,504)	(20,121,789)
B. DISCONTINUING OPERATIONS			
12. i Profit / (Loss) from discontinuing operations (before tax)		-	-
12. ii Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12. iii Add / (Less): Tax expense of discontinuing operations		-	-
(a) on ordinary activities attributable to the discontinuing operations		-	-
(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
13. Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)		-	-
14. Profit / (Loss) for the year (11 ± 13)		(9,813,504)	(20,121,789)
15. Earnings per share (of '10 /- each):			
(a) Basic			
(i) Continuing operations		(3.07)	(28.99)
(ii) Total operations		(3.07)	(28.99)
(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

Firm Registration No. 109511W

Sd/-

BHARAT V. SHAH

(Proprietor)

M.No.: 040210

Place: Mumbai

Date: 02/09/2013

For and on behalf of the Board of Directors

Sd/-

SHAILESH R. GANDHI
MANAGING DIRECTOR

Sd/-

S. P. PATIL
DIRECTOR



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013				
Particulars	2013		2012	
	(₹)	(₹)	(₹)	(₹)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(9,813,504)		(16,862,342)
<i>Adjustments for:</i>				
Depreciation and amortisation	3,848,401		2,695,178	
Finance costs	1,720,652		337,823	
Interest income	(1,634,908)		(1,925,986)	
Dividend income	(421,434)		(481,278)	
Net (gain) / loss on sale of investments	(192,087)		(15,091)	
Rental income from investment properties	(240,000)		(240,000)	
Liabilities /provisions no longer required written back	(31,980)		-	
Other non-cash charges (specify)	-	3,048,644	19,212	389,858
Operating profit / (loss) before working capital changes		(6,764,860)		(16,472,484)
<i>Adjustments for -</i>				
Trade and Other Receivables	27,399,956		22,316,588	
Inventories	(22,970,944)		(7,978,512)	
Trade and Other Payables	(9,920,227)	(5,491,215)	28,078,881	42,416,957
Cash Flow from extraordinary items				
Prior year adjustment	-		(3,259,447)	
Cash generated from operations	-		-	
Net Income tax (paid) / refunds	-		-	
		(5,491,215)		39,157,510
Net cash flow from / (used in) operating activities (A)		(12,256,075)		22,685,026
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(19,799,350)		(21,886,581)	
Proceeds from sale of fixed assets	-		36,444	
Purchase of Investments	-		(20,755,863)	
Proceeds from sale of Investments	12,147,887		1,490,175	
Interest received	1,634,908		1,925,986	
Dividend received	421,434		419,039	
Rental income from investment properties	240,000		240,000	
Net cash flow from / (used in) investing activities (B)		(5,355,121)		(38,530,800)
C. Cash flow from financing activities				
Share application money received / (refunded)			1,000,000	
Proceeds from long-term borrowings	24,859,004		14,315,000	
Repayment of long-term borrowings			(3,367,196)	
Finance cost	(1,720,652)		(337,823)	



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013				
Particulars	2013		2012	
	(₹)	(₹)	(₹)	(₹)
Net cash flow from / (used in) financing activities (C)		23,138,352		11,609,981
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		5,527,156		(4,235,793)
Cash and cash equivalents at the beginning of the year				
Cash and cash equivalents at the end of the year		7,597,928		2,070,772
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet	2,070,772		6,306,565	
Net Cash and cash equivalents	5,527,156		(4,235,793)	
Cash and cash equivalents at the end of the year	7,597,928		2,070,772	

Particulars	2013		2012	
	(₹)	(₹)	(₹)	(₹)
Cash And cash equivalent comprises of:				
(a) Cash on hand	229,602		171,158	
(b) Balances with banks				
(i) In current accounts	7,368,326	7,597,928	1,899,614	2,070,772

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
Firm Registration No. 109511W

Sd/-

BHARAT V. SHAH
(Proprietor)
M.No.: 040210

Place: Mumbai
Date: 02/09/2013

For and on behalf of the Board of Directors

Sd/-

SHAILESH R. GANDHI
MANAGING DIRECTOR

Sd/-

S. P. PATIL
DIRECTOR



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 2.1 - SHARE CAPITAL

Particulars	2013		2012	
	Number of shares	(₹)	Number of shares	(₹)
(a) Authorised				
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
Total	15,000,000	150,000,000	15,000,000	150,000,000
(b) Issued				
Equity shares of ₹ 10/-each with voting rights	3,194,150	31,941,500	694,150	6,941,500
(c) Subscribed and fully paid up				
Equity shares of ₹ 10/- each with voting rights	3,194,150	31,941,500	694,150	6,941,500
Total	3,194,150	31,941,500	694,150	6,941,500

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

Particulars	2013		2012	
	Number of shares	(₹)	Number of shares	(₹)
Equity Shares				
Opening Balance	694,150	6,941,500	694,150	6,941,500
<u>Changes made during the year</u>				
Fresh Issue	2,500,000	25,000,000	-	-
Closing Balance	3,194,150	31,941,500	694,150	6,941,500

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of Shares / Name of Share Holder	2013		2012	
	Number of shares	% holding in that	Number of shares	% holding in that
Equity shares with voting rights				
Shailesh R.Gandhi	1899561	59.47	49561	7.14
Bela S.Gandhi	535969	16.78	75969	10.94
Bela Investment & Finance Co. Ltd.	459830	14.40	269830	38.87
Total	2895360	90.65	395360	56.96



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 2.2 - RESERVES AND SURPLUS

Particulars	2013 (₹)	2012 (₹)
(a) Capital reserve		
Opening balance	3,750,000	3,750,000
Closing balance	3,750,000	3,750,000
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(39,509,004)	(19,387,215)
Add: Profit / (Loss) for the year	(9,813,504)	(20,121,789)
Amounts transferred from: profit and loss appropriation		
Closing balance	(49,322,508)	(39,509,004)
Total	(45,572,508)	(35,759,004)

NOTE 2.3 - LONG-TERM BORROWINGS

Particulars	2013 (₹)	2012 (₹)
(a) Term loans		
From banks		
Secured	10,814,584	10,090,000
Unsecured	-	-
	10,814,584	10,090,000
(b) Deposits		
Secured	-	-
Unsecured (Against Cold Rooms, from Agents & Distributors)	26,001,834	5,436,835
	26,001,834	5,436,835
(c) Loans and advances from related parties (Refer Note (i))		
Secured	-	-
Unsecured	1,934,311	1,264,890
	1,934,311	1,264,890
(d) Other loans and advances (specify nature)		
Secured		
Unsecured	2,920,000	20,000
	2,920,000	20,000
Total	41,670,729	16,811,725

**NOTES FORMING PART OF FINANCIAL STATEMENT****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	2013 (₹)	2012 (₹)
Secured			
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.	10,814,584	10,090,000
	(previous year)*	(10,090,000)	(3,329,000)
	Total - loans from banks	10,814,584	10,090,000
	Total - loans from banks (P.Y.)	(10,090,000)	(3,329,000)

* Previous Years Figures are in brackets ()

NOTE 2.4 - OTHER LONG-TERM LIABILITIES

Particulars	2013 (₹)	2012 (₹)
(a) Trade Payables:		
(i) Acceptances	4,292,084	4,291,984
(ii) Other than Acceptances		
	4,292,084	4,291,984
Others:		
(i) Vat Payable	45,634,590	49,633,700
(ii) M.S.T. Payable	1,125,345	4,104,602
(iii) Debtors credit under protest	4,131,281	4,131,281
(iv) Excise Duty (highest MRP)	636,205	848,273
(v) Others	1,205,865	1,205,864
	52,733,286	59,923,720
Total	57,025,370	64,215,704



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 2.5 - LONG TERM PROVISIONS

Particulars	2013 (₹)	2012 (₹)
(a) Provision for gratuity (net)	1,451,288	1,270,091
Sub Total	1,451,288	1,270,091
(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	627,608	662,312
(E) Provision for Excise Duty	10,376,999	10,376,999
(F) Provision for Expenses	58,535	12,224,720
Sub Total	14,670,529	26,871,418
Total	16,121,817	28,141,509

NOTE 2.6 - TRADE PAYABLES

Particulars	2013 (₹)	2012 (₹)
Trade payables:		
Acceptances	44,955,770	28,532,295
Other than Acceptances	-	-
Total	44,955,770	28,532,295

NOTE 2.7- OTHER CURRENT LIABILITIES

Particulars	2013 (₹)	2012 (₹)
(a) Unpaid dividends	162,402	162,409
(b) Application money received for allotment of securities and due for refund.	200,000	200,000
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	14,666,573	24,458,753
(ii) Others	3,230,973	622,874
Total	18,259,948	25,444,036



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 2.8 - SHORT-TERM PROVISIONS

Particulars	2013 (₹)	2012 (₹)
(a) Provision for employee benefits:		
(i) Provision for leave encashment	3,267,506	2,965,052
	3,267,506	2,965,052
(b) Provision - Others:		
(i) Provision for bonus	1,715,098	1,593,312
(ii) Provision for audit fees	–	–
(iii) Provision for expenses	473,057	878,864
	2,188,155	2,472,176
Total	5,455,661	5,437,228

NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 2.9 - FIXED ASSETS

Sr. No.	Particulars	Gross Block at cost			Depreciation			Net Block			
		As on 01.04.2012 (₹)	Addition (₹)	Deductions/ Adjustment (₹)	As on 31.03.2013 (₹)	As on 01.04.2012 (₹)	For the year (₹)	Deductions/ Adjustment (₹)	As on 31.03.2013 (₹)	As on 31.03.2012 (₹)	As on 31.03.2013 (₹)
	TANGIBLE ASSETS										
1	LAND	2,249,100	-	-	2,249,100	441,157	24,290	-	465,447	1,807,943	1,783,653
2	BUILDING	14,013,361	1,058,216	-	15,071,577	9,292,005	417,032	-	9,709,037	4,721,356	5,362,540
3	PLANT & MACHINERY	52,538,057	18,690,634	-	71,228,691	25,276,685	3,361,433	-	28,638,118	27,261,372	42,590,573
4	FURNITURE & FIXTURES	96,859	-	-	96,859	10,833	6,131	-	16,964	86,026	79,895
5	OFFICE EQUIPMENTS	824,883	50,500	-	875,383	517,790	39,515	-	557,305	307,093	318,078
	TOTAL	69,722,260	19,799,350	-	89,521,610	35,538,470	3,848,401	-	39,386,871	34,183,790	50,134,739
	Previous Year	57,166,695	21,886,581	9,331,016	69,722,260	42,075,922	2,695,178	9,232,630	35,538,470	15,090,773	34,183,790

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	2013 (₹)	2012 (₹)
(a) Other non-current investments		
(i) Investment in equity Instrument		
Shares Of BOB (Quoted: Market Value as on 31/3/13 - ₹ 13508000)	1,700,000	1,700,000
Shares Of Sicom (Unquoted)	800,000	800,000
	2,500,000	2,500,000
(ii) Investment in Fixed Deposits	3,571,400	1,888,862
	3,571,400	1,888,862
Total	6,071,400	4,388,862

NOTE 2.11 - LONG-TERM LOANS AND ADVANCES

Particulars	2013 (₹)	2012 (₹)
(a) Security deposits		
Unsecured, considered good	23,274,714	22,914,269
Total	23,274,714	22,914,269

NOTE 2.12 - CURRENT INVESTMENTS

Particulars	2013 (₹)	2012 (₹)
A. Other current investments		
(i) Investment in equity instruments (Quoted)	–	5,255,863
(ii) Investment in Fixed Deposites	13,164,810	21,547,285
Total	13,164,810	26,803,148

NOTE 2.13 - INVENTORIES

Particulars	2013 (₹)	2012 (₹)
(i) Raw Materials And Packing Materials (At Cost)	46,966,517	27,533,383
(ii) Finished goods (At cost or net realisable value, whichever is lower)	6,442,358	4,279,590
(iii) Stores and spares (At cost)	3,036,331	1,661,289
Total	56,445,206	33,474,262



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 2.14 - TRADE RECEIVABLES

Particulars	2013 (₹)	2012 (₹)
(a) Trade receivables outstanding for a period not exceeding six months from the date they were due for payment. Unsecured, considered good	11,349,732	40,074,867
(b) Trade Receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	763,375	246,210
Total	12,113,107	40,321,077

NOTE 2.15 - CASH AND CASH EQUIVALENTS

Particulars	2013 (₹)	2012 (₹)
(a) Cash on hand	229,602	171,158
(b) Balances with banks (i) In current accounts	7,368,326	1,899,614
Total	7,597,928	2,070,772

NOTE 2.16 SHORT-TERM LOANS AND ADVANCES

Particulars	2013 (₹)	2012 (₹)
(a) Loans and advances to employees Unsecured, considered good	380,612	284,615
Total	380,612	284,615

NOTE 2.17 - OTHER CURRENT ASSETS

Particulars	2013 (₹)	2012 (₹)
a) Accruals (i) Interest accrued on deposits	81,594	—
(b) Others Income tax appeal	14,311	—
Sales tax refund receivable	—	—
TDS on FDR interest	439,624	285,198
TDS on interest	14,311	—
TDS on rent	48,000	24,000
Prepaid Expenses	77,241	—
Others	15,000	15,000
Total	594,176	324,198
Total	675,770	324,198



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 3.1 - REVENUE FROM OPERATIONS

Particulars	2013 (₹)	2012 (₹)
(a) Sale of products (Refer Note (i) below)	251,877,179	228,927,518
(b) Other operating revenues (Refer Note (ii) below)	1,138,749	673,353
Less: Excise duty	7,092,757	3,117,849
Total	245,923,171	226,483,022

NOTES

Particulars	2013 (₹)	2012 (₹)
(i) Sale of products comprises of : Ice Cream Sales	251,877,179	228,927,518
Total - Sale of products	251,877,179	228,927,518
(ii) Other operating revenues comprise of: Sale of scrap	1,138,749	673,353
Total - Other operating revenues	1,138,749	673,353

NOTE 3.2 - OTHER INCOME

Particulars	2013 (₹)	2012 (₹)
(a) Dividend income:		
From non current investments	340,000	330,000
From current investments	81,434	151,278
(b) Net gain on sale of:		
Current investments (Mutual funds)	-	77,034
Non-Current Investments (Shares)	192,087	-
(c) Interest income comprises:		
Interest from banks on Fixed deposits	1,544,248	1,878,791
MSEB Deposits	90,660	47,195
(d) Other non-operating income comprises:		
Rental income from Cold Storage Facility	240,000	240,000
Sundry balance written back	31,980	172,095
Excess provision written back	270,504	68,824
Prior Period item net (Refer note (i) below)	465,520	-
Total	3,256,432	2,965,217



NOTES FORMING PART OF FINANCIAL STATEMENT

(i) PRIOR PERIOD ITEM

Particulars	2013 (₹)	2012 (₹)
Details of Prior period items (net)		
Prior period:		
Expenses	-	-
Income	465,520	-
Total	465,520	-

NOTE 3.3 - COST OF MATERIALS CONSUMED

Particulars	2013 (₹)	2012 (₹)
(a) Material consumed comprises:		
(i) Packing Material		
Opening stock	10,955,680	7,628,004
Add: Purchases(Refer Note (i)a)	51,347,652	36,146,667
	62,303,332	43,774,671
Less: Closing stock	18,915,950	10,955,680
Sub-Total	43,387,382	32,818,991
(ii) Raw Material		
Opening stock	16,577,703	9,598,164
Add: Purchases (Refer Note (i)b)	132,449,732	109,537,414
	149,027,435	119,135,578
Less: Closing stock	28,050,567	16,577,703
Sub Total	120,976,868	102,557,875
Total	164,364,250	135,376,866

NOTE (i) - PURCHASES OF RAW MATERIALS

Particulars	2013 (₹)	2012 (₹)
(a) Packing material	51,347,652	36,146,667
(b) Raw material		
Butter	12,090,500	5,546,000
Chocolate	6,654,532	6,694,887
Dry fruits	8,103,150	8,308,923
Other	37,599,489	21,822,044
Palm oil	13,141,203	12,730,840
S.M.P	41,084,850	43,966,045
Sugar	12,340,372	9,290,340
Freight for above purchases	1,435,636	1,178,335
	132,449,732	109,537,414
Total	183,797,384	145,684,081



NOTES FORMING PART OF FINANCIAL STATEMENT

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

Particulars	2013 (₹)	2012 (₹)
(a) Inventories at the end of the year:		
Finished goods	6,442,358	4,279,590
	6,442,358	4,279,590
(b) Inventories at the beginning of the year:		
Finished goods	4,279,590	4,662,777
	4,279,590	4,662,777
Net (increase) / decrease	-2,162,768	383,187

NOTE 3.5 - EMPLOYEE BENEFITS EXPENSE

Particulars	2013 (₹)	2012 (₹)
(i) Salaries and wages	14,395,938	11,389,295
(ii) Contributions to provident and other funds	640,140	573,359
(iii) Staff welfare expenses	632,723	589,015
Total	15,668,801	12,551,669

NOTE 3.6 - FINANCE COST

Particulars	2013 (₹)	2012 (₹)
(a) Interest expense on:		
(i) Bank Loan	1,112,489	165,507
(ii) C & F deposit	140,040	35,007
(iii) Cold Room Deposit	217,453	109,000
(b) Bank Charges	32,942	28,309
(c) Others	217,728	—
Total	1,720,652	337,823



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 3.7 - OTHER EXPENSES

Particulars	2013 (₹)	2012 (₹)
Consumption of stores and spare parts	6,818,831	7,771,435
Power and fuel	17,077,509	13,127,113
Water	1,153,051	797,064
Rent	380,809	288,888
Repairs and maintenance - Buildings	400,385	190,721
Repairs and maintenance - Machinery	1,492,319	1,221,759
Insurance	176,456	169,357
Royalty	4,125,946	3,387,256
Rates and taxes	1,379,821	5,522,149
Telephone Expenses	370,191	208,880
Printing and stationery	236,583	350,664
Freight and forwarding	24,572,273	18,404,612
Turnover Discount	9,394,835	16,824,234
Business promotion	701,497	1,878,212
Donations and contributions	30,003	8,275
Legal and professional	1,592,444	2,409,088
Payments to auditors (Refer Note (i) below)	187,416	67,416
Loss on fixed assets sold	-	61,942
Prior period items (net) (Refer Note (ii) below)	0	3,259,448
Advertisement	253,754	4,007,834
Commission	325,000	-
Travelling & Conveyance	1,217,245	756,737
Loss on Stock	238,841	508,359
Loss by theft	385,000	-
Miscellaneous expenses	3,043,562	2,997,102
Total	75,553,771	84,218,545

NOTES:

(i) PAYMENTS TO THE AUDITORS COMPRISES OF:

Particulars	2013 (₹)	2012 (₹)
As auditors - Statutory Audit	67,416	67,416
- Energy Audit	120,000	-
Total	187,416	67,416

(ii) PRIOR PERIOD ITEM

Particulars	2013 (₹)	2012 (₹)
Details of Prior period items (net)		
Prior period:		
Expenses	-	4,033,905
Income	-	774,457
Total	-	3,259,448



NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE 3.8 - EXCEPTIONAL ITEMS

Particulars	2013 (₹)	2012 (₹)
Bad Debts Written off	–	14,006,760
Total	–	14,006,760

NOTE 4 - DISCLOSURES UNDER ACCOUNTING STANDARDS

NOTE 4.1 - RELATED PARTY

Note	Particulars			
4.1.1	Details of related parties:			
	Description of relationship			
	Associates	Vadilal Industries Ltd Bela Investment & Finance Co. Shree Jay Ambe Company		
	Key Management Personnel (KMP)	Shri S.R.Gandhi		
	Note: Related parties have been identified by the Management.			
4.1.2	Details of related party transactions during the year ended 31 March, 2013 :			
	Particulars	Associates	KMP	Total
	Purchase of Packing / Raw Material	1,864,527 (1,323,290)	–	1,864,527 (1,323,290)
	Royalty	4,125,946 (3,388,253)	–	4,125,946 (3,388,253)
	Process Hire Charges	120,000 (120,000)	–	120,000 (120,000)
	Directors Remuneration	–	1,200,000	1,200,000
		–	(840,000)	(840,000)
	Note: Figures in bracket relates to the previous year			

NOTE 4.2 - EARNING PER SHARE

Note	Particulars	2013 (₹)	2012 (₹)
4.2.1	Earnings per share		
	<u>Basic</u>		
4.2.2	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(9,813,504)	(20,121,789)
	Less: Preference dividend and tax thereon	–	–
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(9,813,504)	(20,121,789)
	Earnings per share from continuing operations - Basic	(3.07)	(28.99)
4.2.3	<u>Total operations</u>		
	Net profit / (loss) for the year	(9,813,504)	(20,121,789)
	Less: Preference dividend and tax thereon	–	–
	Net profit / (loss) for the year attributable to the equity shareholders	(9,813,504)	(20,121,789)
	Earnings per share - Basic	(3.07)	(28.99)



NOTES FORMING PART OF FINANCIAL STATEMENT

Note	Particulars	2013 (₹)	2012 (₹)
4.2.4	<u>Basic (excluding extraordinary items)</u>		
	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(9,813,504)	(20,121,789)
	(Add) / Less: Extraordinary items (net of tax) relating to continuing operations	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	(9,813,504)	(20,121,789)
	Earnings per share from continuing operations, excluding extraordinary items - Basic	(3.07)	(28.99)
4.2.5	<u>Total operations</u>		
	Net profit / (loss) for the year	(9,813,504)	(20,121,789)
	(Add) / Less: Extraordinary items (net of tax)	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	(9,813,504)	(20,121,789)
	Earnings per share, excluding extraordinary items - Basic	(3.07)	(28.99)

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. Contingent liabilities are not recognized but are disclosed in the notes.

Note	Particulars	2013 (₹)	2012 (₹)
4.3.2	Contingent liabilities and commitments (to the extent not provided for)		
	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	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 and Frozen Desserts.

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. As per the past records and future aspects of the company, calculation of deferred tax assets/liabilities is not made.

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 Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the company for the purpose of current-non-current classification of assets and liabilities.

1.17 Others

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

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

1.17.3 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 SIXTH ANNUAL GENERAL MEETING**

No. of Shares :

Regd. Folio No.

I/We hereby record my/our presence at the 26th Annual General Meeting held at M-13, MIDC Industrial Area, Tarapur, Boisar, Maharashtra – 401 506 on Monday, the 30th September, 2013 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.

----- Cut Here -----

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 _____

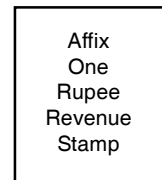
_____ of _____ or failing him/her _____

_____ of _____

as my/our proxy to attend and vote for me/us and on my/belalf at the Annual General Meeting of the Company scheduled to be held on Monday, the 30th September, 2013 at 11.30 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2013.

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.

BOOK POST

If undelivered please return to :

Vadilal Dairy International Ltd.

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



VADILAL DAIRY INTERNATIONAL LTD.
'GUL MANZIL', 1ST FLOOR,
14, DASHRATHLAL JOSHI ROAD,
VILE PARLE (WEST),
MUMBAI - 400 056
TEL : 2617 0201, 2617 0301
FAX : (022) 2617 8943
E mail : vadilal@vanti.com

7th October, 2013

The DCS-CRD,
Bombay Stock Exchange Limited
Pheroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

Dear Sir/ Madam,

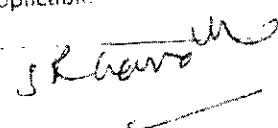
Sub: Submission of Annual Report

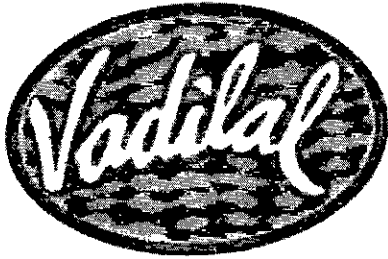
Ref: BSE Scrip Code: 519451

With Reference to clause 31 of the listing agreement, please find enclosed herewith 6 copies of the Annual Report of the Company for the Year 2012-13, including Notice (forming part Annual Report) convening the 26th Annual General Meeting of the Company.

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Vadilal Dairy International Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- • CEO/Managing Director	



VADILAL DAIRY INTERNATIONAL LTD.
GUL MANZIL, 1ST FLOOR,
14, DASHRATHIJI JOSHI ROAD,
VILE PARLE (WEST),
MUMBAI - 400 056.
TEL : 2617 0201, 2617 0301
FAX : (022) 2617 8843
E-mail : vadilal@vanti.com

• CFO	<i>P. A. Tyagi</i>
• Auditor of the company	<i>R. V. Shah</i>
• Audit Committee Chairman	<i>S. A. Naik</i>