



## NOTICE

**NOTICE** is hereby given that the **29<sup>th</sup> ANNUAL GENERAL MEETING** of the members of **VADILAL INDUSTRIES LIMITED** will be held on \_\_\_\_\_, the \_\_\_\_\_ day of September, 2013, at \_\_\_\_\_ a.m./p.m., at \_\_\_\_\_ to transact the following business :

### ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the year ended on 31st March, 2013.
- 3) To appoint a Director in place of Mr. C. M. Maniar, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Rohit J. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad (Registration No. 104744W) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration, apart from reimbursement of out-of-pocket expenses and applicable taxes.

### SPECIAL BUSINESS :

**6) Appointment of Mr. \_\_\_\_\_ as a Director of the Company:**

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

**"RESOLVED THAT** Mr. \_\_\_\_\_, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 by the Board of Directors of the Company on \_\_\_\_\_ and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing from a member, proposing the candidature of Mr. \_\_\_\_\_ for the office of Director, be and is hereby appointed as a Director of the Company and her office as a Director shall be liable to retire by rotation as per the provisions of the Articles of Association of the Company."

**7) Re-appointment of Mr. Rajesh R. Gandhi as Managing Director for a further period of 5 years, w.e.f. 1<sup>st</sup> April, 2014.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable, and also subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Rajesh R. Gandhi as a Managing Director of the Company for a further period of Five (5) years with effect from 1<sup>st</sup> April, 2014 and payment of remuneration, perquisites, allowances and commission to him and upon the terms and conditions as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved, with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and/or vary the terms and conditions of the said re-appointment and/or remuneration including commission, perquisites and allowances payable from time to time as they deem fit and/or draft Agreement in such manner as may be agreed upon by the Board of Directors and Mr. Rajesh R. Gandhi within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and/or modification(s) thereto and if necessary as may be agreed to between the Central Government and the Board of Directors and as may be acceptable to Mr. Rajesh R. Gandhi."

**"RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Rajesh R. Gandhi as a Managing Director, the remuneration payable to him shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act, as amended from time to time subject to the compliance of provisions thereof."



**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the Agreement (including minimum remuneration) to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Act and the terms of the aforesaid Agreement between the Company and Mr. Rajesh R. Gandhi shall be suitably modified to give effect to such variation or increase as the case may be, subject to such approvals as may be required by the law."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters or things as may be consider necessary, appropriate, expedient or desirable to give effect to this resolution."

**8) Re-appointment of Mr. Devanshu L. Gandhi as Managing Director with payment of remuneration for further period of 5 years, w.e.f. 1<sup>st</sup> April, 2014.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable, and also subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Devanshu L. Gandhi, as a Managing Director of the Company for a further period of Five (5) years with effect from 1<sup>st</sup> April, 2014 and payment of remuneration, perquisites, allowances and commission to him and upon the terms and conditions as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved, with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and/or vary the terms and conditions of the said re-appointment and/or remuneration including commission, perquisites and allowances payable from time to time as they deem fit and/or draft Agreement in such manner as may be agreed upon by the Board of Directors and Mr. Devanshu L. Gandhi within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and/or modification(s) thereto and if necessary as may be agreed to between the Central Government and the Board of Directors and as may be acceptable to Mr. Devanshu L. Gandhi."

**"RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Devanshu L. Gandhi as a Managing Director, the remuneration payable to him shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act, as amended from time to time subject to the compliance of provisions thereof."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the Agreement (including minimum remuneration) to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Act and the terms of the aforesaid Agreement between the Company and Mr. Devanshu L. Gandhi shall be suitably modified to give effect to such variation or increase as the case may be, subject to such approvals as may be required by the law."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters or things as may be consider necessary, appropriate, expedient or desirable to give effect to this resolution."

**9) Increase in sitting fees to be paid to Non-executive Directors for attending Board or committee meetings.**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Section 310 and other applicable provisions, if any, of the Companies Act, 1956, Rule-10B of Companies (Central Government's) General Rules & Forms, 1956, Articles of Association of the Company and Clause-49 of the Listing Agreement with the Stock Exchanges and subject to approval of the Central Government, the sitting fees payable to the Non-executive Directors of the Company for attending the Meetings of the Board of Directors of the Company thereof be and is hereby increased from Rs. 20,000/- to Rs. \_\_\_\_\_/- including service tax at applicable rate and other taxes and charges, if applicable.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters or things as may be consider necessary, appropriate, expedient or desirable to give effect to this resolution.”

**10) Commencement of new business.**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such authorities as may be required and subject to the aforesaid Special Resolution for alteration of “Other Objects for which company is established” Clause of Memorandum of Association being duly passed and becoming effective, approval of the Company be and is hereby accorded to the Board of Directors to commence and carry on and undertake all or any of the business specified in the Sub-clauses 31 and 37 under “Other Objects for which company is established” of Clause III(C) of the Memorandum of Association of the Company as and when they deemed fit.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

**11) Increase in Borrowing Limits.**

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

**“RESOLVED THAT** in supersession of Resolution passed for enhancing the borrowing limits upto Rs. 225.00 crores at the 26<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2010, the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorized, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money whether rupee loans or foreign currency loans or other external commercial borrowings (including non-fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate or from any other sources, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs. \_\_\_\_\_00 Crore (Rupees \_\_\_\_\_ only) over and above the aggregate of the then paid-up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion thinks necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

**12) Creation of Charge.**

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

**“RESOLVED THAT** the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for the purpose) to mortgage/hypothecate and/or create charge/pledge etc., in addition to the mortgages/hypothecations/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any



of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Banks/ Financial Institutions/Other Lender(s), Agent(s) and Trustee(s) for securing the borrowings availed/to be availed by the Company and/or any of the Company's holding / subsidiary / affiliate / associate Company, by way of loan(s) (in foreign currency and/or rupee currency) and Securities (comprising fully/partly convertible Debentures and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956 from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the company in terms of the Loan Agreement(s)/ Other Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s) in respect of the said loans/borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/Agent(s)/ Trustee(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorized to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion thinks necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

**By Order of the Board  
For VADILAL INDUSTRIES LIMITED  
RAJESH R. GANDHI  
Managing Director**

**Registered Office :**

Vadilal House, Shrimali Society,  
Nr. Navrangpura Rly. Crossing,  
Navrangpura, Ahmedabad - 380 009.

Dated :

**NOTES :**

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE **SHARE DEPARTMENT** OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (b) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the meeting.
- (c) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (d) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 need not be annexed to the notice, as there is no Special Business to be transacted in the meeting.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from \_\_\_\_\_ September, 2013 to \_\_\_\_\_ September, 2013 (both days inclusive) for the purpose of payment of dividend on Equity Shares of the Company for the year ended 31st March, 2013 as recommended by the Board and if declared at the Annual General meeting.
- (f) Dividend of '1.50/- per share (@ 15.00%) on Equity Shares for the year ended on 31st March, 2013 as recommended by the Board, if declared at the meeting, will be paid without deduction of tax at source :

# to those members, whose names appear on the Register of Members after giving effect to all

valid share transfers in physical form lodged with the Company/Share Transfer Agent on or before \_\_\_\_\_ September, 2013, or

# in respect of shares held in electronic form, to those "Beneficial Owners" whose names appear in the Statement of Beneficial Ownership furnished by NSDL and CDSL as at the end of business hours on \_\_\_\_\_ September, 2013.

(g) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agents can not act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

(h) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends declared upto the financial year ended on 31st March, 1994 (18 months) to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend by an application in Form II of the aforesaid Rules to the Registrar of Companies, Gujarat at ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad - 380 013.

However, pursuant to Section 205A of the Act as amended by the Companies (Amendment) Act, 1999 (1st Amendment), which came into effect from 31-10-1998, the Company has already transferred unclaimed dividend declared for the financial year ended on 31st March, 1995, 31st March, 1996, 31st March, 1997 (Interim & Final Dividend) and 30th September, 1998 (18 months) to the Investor Education and Protection Fund (IEPF) established by the Government under Section 205C(1) of the Act.

The amount of dividend for the financial year ended on 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011, remaining unpaid or unclaimed for a period of 7 years is due for transfer to the Investor Education and Protection Fund on 1st November, 2013, 3rd November, 2014, 3rd November, 2015, 31st October, 2016, 4th November, 2017 and 1st November, 2018 respectively. Members, who have so far not encashed their dividend warrants for the said financial years, are requested to approach the Company for revalidation or duplicate dividend warrants. Thereafter, no claims shall lie against the said Fund or the Company for the amount of dividend so transferred nor shall any payment be made in respect of such claims.

(i) Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

(j) Members are requested to intimate immediately the change in their registered address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company or Share Transfer Agent, in respect of their physical share folios, if any. In case of mailing address mentioned on this Annual Report is without PINCODE, members are requested to kindly inform their PINCODE immediately.

(k) Relevant documents referred to in the accompanying Notice are open for inspection for the members at the Share Department of the Company on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m., upto the date of this Annual General Meeting.

(l) Members are requested to bring their copy of Annual Report to the meeting, as the copies of Annual Report will not be distributed at the meeting.

(m) Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its **Share Department**, at least 10 days before the date of the meeting.

(n) At this Annual General Meeting, Mr. C. M. Maniar and Mr. Rohit J. Patel, Directors of the Company, shall retire by rotation and being eligible, offer themselves for re-appointment. Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi are to be re-appointed as Managing Directors of the Company Annual General Meeting. Further, Mr. \_\_\_\_\_ is to be appointed as a Director of the Company in this Annual General Meeting.

As required under Clause 49 of Listing Agreement with the Stock Exchanges, given below are the details of the above Directors to be re-appointed as Directors of the Company :-

**Mr. C. M. Maniar**

Mr. C. M. Maniar is a Partner in the Firm of Crawford Bayley & Co., Solicitors & Advocates, Mumbai. He holds degrees of Master of Arts (Economic & Politics), Bachelor of Commerce and Bachelor of Laws of the University of Bombay. He is an Advocate and a member of the Maharashtra Bar Council. He specialises in Corporate and Commercial Laws with special reference to Company Law, Foreign & Technical Collaborations, Anti-trust and Competition Laws, Cosmetics and Insecticides, Intellectual and Industrial Property Laws - Trade Marks, Patents, Designs and Copyright and drafting of documents generally. He is





a Director in following other Companies. He is a member of Remuneration Committee of the Directors of the Company. He is also a member/chairman of various committees of the other Companies, such as Audit Committee, Share Transfer Committee, Shareholder/ Investors' Grievance Committee, as mentioned hereunder. Mr. C. M. Maniar does not hold any shares in Vadilal Industries Limited.

<b>Directorship:</b> <ul style="list-style-type: none"> <li>➤ Gujarat Ambuja Exports Limited</li> <li>➤ Foods &amp; Inns Limited</li> <li>➤ Godfrey Philips India Limited</li> <li>➤ Financial Technologies India Limited</li> <li>➤ Hindalco Industries Limited</li> <li>➤ Indo-Euro Investment Company Limited</li> <li>➤ Indian Card Clothing Company Limited</li> <li>➤ Multi Commodity Exchange of India Limited</li> <li>➤ Northpoint Training &amp; Research Private Limited</li> <li>➤ Pioneer Investcorp Limited</li> <li>➤ Sudal Industries Limited</li> <li>➤ TCPL Packaging Limited</li> <li>➤ Utkal Alumnia International Limited</li> <li>➤ Varun Shipping Company Limited</li> </ul>	<b>Member of the Board Committees:</b> <p><b>Audit Committee:</b></p> <ul style="list-style-type: none"> <li>➤ Hindalco Industries Limited</li> <li>➤ Varun Shipping Company Limited</li> <li>➤ TCPL Packaging Limited</li> <li>➤ Pioneer Investcorp Limited</li> <li>➤ Multi Commodity Exchange of India Limited</li> </ul> <p><b>Shareholders/ Investors' Grievance Committee and Share Transfer Committee:</b></p> <ul style="list-style-type: none"> <li>➤ Hindalco Industries Limited</li> <li>➤ Pioneer Investcorp Limited</li> <li>➤ Godfrey Philips India Limited</li> </ul>
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#### **Mr. Rohit J. Patel**

Mr. Rohit J. Patel is B.E. (Electrical) and Consultant on Management and Human Resources. He is having 30 years of experience in training people for Communication – Time Management. He is a Proprietor of Symcom Corporation, an Educational Institution in Ahmedabad. He is also a Professional Lecturer (Guest Faculty) at Bank of Baroda, EDI, AMA, CED, etc. He is associated with the Company since 2002. He is a member of Education Committee of Ahmedabad Management Association. He is on the Board of following other Companies. He is a Chairman of Audit Committee of the Directors of the Company. He is also a member of Remuneration Committee of the Directors of the Company. He is also a Member of the following committees of other Companies. Mr. Rohit J. Patel does not hold any shares in Vadilal Industries Limited.

<b>Director:</b> <ul style="list-style-type: none"> <li>➤ Vadilal Chemicals Ltd.</li> <li>➤ Gujarat Ambuja Exports Ltd.</li> <li>➤ Symcom Tech Pvt. Ltd.</li> </ul>	<b>Member of the Board Committees:</b> <ul style="list-style-type: none"> <li>➤ Gujarat Ambuja Exports Ltd. (Remuneration Committee)</li> </ul>
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#### **Mr. Rajesh R. Gandhi**

Mr. Rajesh R. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream & Processed Food Business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Production, QA/QC, R & D, Logistics (Ice-cream Transportation), Cups & Cones, Purchase (Capital Goods & Deep Freeze Machines) of Ice-cream Division is taken care by him. He also looks after Sales & Marketing of Ice-cream Exports and Happinezz Parlors owned and/or managed by Group. For Processed Food Division, Mr. Rajesh R. Gandhi looks after exports and domestic sales, international freight, Government subsidies of entire division. For construction, he takes care of sales and marketing and legal. The total portfolio of Finance, Accounts, MIS, Taxation, Internal Audit, EDP, Secretarial, Legal, Insurance, Systems, all Taxes and DGFT, and Human Resource of all above mentioned departments and P & A of Head Office is taken care by him. He is on the Board of following other Companies. He is also a Member of the following committees of other Companies. Mr. Rajesh R. Gandhi holds 227721 shares in Vadilal Industries Limited.

<b>Directorship:</b> <ul style="list-style-type: none"> <li>➤ Vadilal Enterprises Limited</li> <li>➤ Vadilal International Private Limited</li> <li>➤ Vadilal Chemicals Limited</li> </ul> <b>Committee:</b> <ul style="list-style-type: none"> <li>➤ Vadilal Gases Limited</li> <li>➤ Vale Properties Private Limited</li> <li>➤ Valiant Constructions Private Limited</li> <li>➤ Steelcast Limited</li> <li>➤ Vadilal Marketing Private Limited</li> <li>➤ Numen Technologies Private Limited</li> </ul>	<b>Member of the Board Committees:</b> <p><b>Shareholders/ Investors' Grievance Committee and/or Share Transfer</b></p> <ul style="list-style-type: none"> <li>➤ Vadilal Industries Limited</li> <li>➤ Vadilal Enterprises Limited</li> <li>➤ Vadilal Chemicals Limited</li> </ul>
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**Mr. Devanshu L. Gandhi**

Mr. Devanshu L. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream and Processed Food business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Domestic Sales and Marketing of Ice-cream Division, Government Subsidies of Ice-cream plants and Revenue Expenses of Refrigeration Service Division. Mr. Devanshu L. Gandhi looks after Production, Purchase, Works, QC, R & D of Processed Food Division. He looks after purchase of Land & Materials, Project Commissioning & Legal for Construction Division. Entire Forex Division (FFMC & Consultancy Services) and Human Resource & P & A (respective) is taken care by him. He is on the Board of following other Companies. He is also a Member of the following committees of other Companies. Mr. Devanshu L. Gandhi holds 333276 shares in Vadilal Industries Limited.

**Directorship:**

- Vadilal Enterprises Limited
- Vadilal International Private Limited
- Vadilal Chemicals Limited
- Vadilal Gases Limited
- Vale Properties Private Limited
- Valiant Constructions Private Limited
- Byad Packaging Industries Private Limited
- Esveegee Wires and Metals Private Limited
- Numen Technologies Private Limited

**Member of the Board Committees:****Shareholders/ Investors' Grievance**

Committee and/or Share Transfer Committee:

- Vadilal Industries Limited
- Vadilal Enterprises Limited
- Vadilal Chemicals Limited

Mr. \_\_\_\_\_

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**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT AS REQUIRED UNDER 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. 6**

Mr. \_\_\_\_\_, was appointed as an Additional Director of the Company by the Board of Directors, on \_\_\_\_\_, Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. \_\_\_\_\_ will hold office as an Additional Director upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. \_\_\_\_\_ for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956. Keeping in view of her vast expertise and knowledge, it will be in the interest of the Company that Mr. \_\_\_\_\_ is appointed as a Director of the Company. Mr. \_\_\_\_\_ is an Independent Director of the Company and is liable to retire by rotation.

Your Directors, therefore, recommend the resolution for your approval as per Item No. 6 of the Notice.

Save and except Mr. \_\_\_\_\_, none of the Directors are, in any way, concerned or interested in this resolution.

**ITEM NO. 7**

The present term of office of Mr. Rajesh R. Gandhi as a Managing Director of the Company will expire on 31<sup>st</sup> March, 2014. The Board of Directors of the Company at their meeting held on 30<sup>th</sup> May, 2013 has, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable, re-appointed Mr. Rajesh R. Gandhi as a Managing Director of the Company for a further period of five years with effect from 1<sup>st</sup> April, 2014, on the terms and conditions as to the re-appointment and payment of remuneration, perquisites, allowances and commission mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi.

The Department of Company Affairs has vide notification dated 16<sup>th</sup> January, 2002, amended Schedule XIII to the Companies Act, 1956, revising the limits for payment of managerial remuneration by Companies. Pursuant to the said notification, the Remuneration Committee of the Company has, at their meeting held on 30<sup>th</sup> May, 2013 approved the terms and conditions of payment of remuneration, perquisites, allowances and commission to Mr. Rajesh R. Gandhi as mentioned below and more particularly mentioned in the draft Agreement to be



entered into between the Company and Mr. Rajesh R. Gandhi, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable.

Mr. Rajesh R. Gandhi has been associated with the Company since its inception and he is looking after day to day affairs of the Company. He has vast experience in Ice-cream and Processed Food business. Considering the above, your Directors are of the opinion that it is in the interest of the Company to re-appointment him as a Managing Director of the Company.

The terms and conditions and remuneration relating to his re-appointment as Managing Director set out in the draft Agreement, a copy whereof duly initialed by the Chairman is placed at the meeting for the purpose of identification and is subject to the approval of Members of the Company.

Subject to the provisions of Section 198, 269, 309, 316 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the principal terms and conditions as contained in the draft Agreement relating to re-appointment and particularly payment of remuneration to Mr. Rajesh R. Gandhi are as under :-

1. The Managing Director shall, subject to the supervision, direction and control of the Board of Directors of the Company, manage the business and affairs of the Company.
2. Period of Agreement: 5(five) years with effect from 1<sup>st</sup> April, 2014.
3. Remuneration :

**I) Salary, Perquisites and Allowances (Amount in Rs. per month) :**

Particulars	1-4-2014 to 31-3-2015	1-4-2015 to 31-3-2016	1-4-2016 to 31-3-2017
Basic	270,000	300,000	330,000
HRA (in lieu of accommodation - furnished or otherwise)	145,000	161,000	177,000
Re-imbursement of Medical Expenses (for Managing Director and his family)	2,600	3,000	3,400
Provident Fund @12% on Basic Salary	32,400	36,000	39,600
<b>Total</b>	<b>450,000</b>	<b>500,000</b>	<b>550,000</b>

**Notes:**

- 1) Mr. Rajesh R. Gandhi is entitled other privileges, facilities and amenities as per the rules of the Company.
- 2) For the purpose of perquisites and allowances, family means the spouse, dependant children and dependant parents of the Managing Director.

**Other Perquisites and Allowances**

- A) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- B) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- C) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.
- D) Provision of car for use on Company's business and telephone at residence (including payment for local calls and long distance official calls) will not be considered as perquisites and shall not be included in the computation of perquisites and allowances for the purpose of calculating the above ceiling. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
- E) Encashment of leave as per Rules of the Company and will not be included in the ceiling on perquisites.

4. Commission :

In addition to the Salary, Perquisites and other Allowances as mentioned above and in case of Company having adequate profit in any financial year during his term of office, Mr. Rajesh R. Gandhi shall also be entitled for such financial year to a Commission at the rate of 2.00% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.



5. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Mr. Rajesh R. Gandhi as a Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).
6. The Company shall also re-imburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.
7. The terms and conditions of payment of remuneration, perquisites, allowances and commission specified hereinabove may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines as may be announced by the Central Government from time to time.
8. The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
9. The Managing Director shall not be liable to retire by rotation.
10. For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.
11. A Statement as per requirement of Schedule XIII is given to the Shareholders containing following information of the Company and Mr. Rajesh R. Gandhi :-

I. **GENERAL INFORMATION :**

**(1) Nature of industry**

The Company is engaged in the business of manufacturing Ice-cream and Frozen Dessert and processing and exporting Processed Food products, such as Frozen Fruits and Vegetables, Canned Fruit Pulp, Ready-to-eat and Ready-to-serve products, etc.

Ice-cream Division of the Company has 3 manufacturing plant situated at 1) Dudheshwar Road, Ahmedabad, 2) Village Pundhra, Taluka Mansa, Dist. Gandhinagar, Gujarat and 3) Bareilly, Uttar Pradesh.

The Company is processing Frozen Fruits, Vegetables and Processed Foods by latest freezing technology, namely, "Individually Quick Freezing" (IQF) at its factory situated at Dharampur, Dist. Valsad, Gujarat. The Processed Food Division commenced its operation in 1991. The Company is exporting nearly 60 products in USA, Canada, UK, Kuwait, UAE, Singapore, New Zealand, Australia. The Company has also started selling Processed Food products in Domestic Market.

The Company is also having Forex Division dealing in Foreign Exchange Management and Money Changing business.

**(2) Date of commencement of commercial production**

The Company is in the business of Ice-cream since 1982. The Process Food division commenced its operation in 1991.

**(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus**

The Company is in existence since 1982.

**(4) Financial performance based on given indicators**

Following is the financial performance of the Company since last 3 years :

(₹ in Lacs)

Financial Year	Income from Operations	Gross Profit before Depreciation and Financial Expenses	Net Profit after Tax
2010-2011	23613.82	2526.58	508.17
2011-2012	28222.46	3881.91	625.24
2012-2013	32020.59	4490.11	597.42

**(5) Export performance and net foreign exchange earnings**

Following is the export performance of the Company since last 3 Years:-

(₹ in Lacs)

Financial Years	Export Sales (FOB Value)
2010-2011	2285.30
2011-2012	2995.25
2012-2013	3487.49

**(6) Foreign investments or collaborators, if any.**

The Company has an investment in share capital of its wholly-owned subsidiary company, namely, Vadilal Industries (USA) Inc.

**II. INFORMATION ABOUT THE APPOINTEE:****(1) Background details:**

Name : Mr. Rajesh R. Gandhi  
Designation : Managing Director  
Age : 55 Years  
Experience : 33 Years

Mr. Rajesh R. Gandhi is a Director of the Company since Incorporation of the Company and Managing Director of the Company since 1986. He has an experience of over 33 years in Ice-cream business and experience of over 23 years in Processed Food business.

**(2) Recognition or awards:**

The Company has always made continuous efforts to improve the process of manufacturing and to achieve Foods safety, quality and efficiency in each of its operations. This is evident from the achievement of BRC - Food Certification by Intertek Moody (Mumbai), HALAL from HALAL, India, ISO 22000:2005 certified by INDOCERT accredited to National Accreditation Board for certification Bodies (NABCB, QCI, India) towards Food Safety Management System and ISO 9001:2008 certification from ISOQAR, (U.K.) towards Quality Management System for its Processed Food Division, situated at Dharampur, Dist. Valsad, Gujarat .

Also, in the list, is the Two Star Export House Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products (APEDA).

The BRC – Food and ISO 22000:2005 Certification from Bureau Veritas, Mumbai for its ice-cream plant at Pundhra in the State of Gujarat and Bareilly in the State of Uttar Pradesh for Management System is another feather in the cap of the Company.

**(3) Job profile and his suitability**

Mr. Rajesh R. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream & Processed Food business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Production, QA/QC, R&D, Logistics (Ice-cream Transportation), Cups & Cones, Purchase (Capital Goods & Deep Freeze Machines) of Ice-cream Division is taken care by him. He also looks after Sales & Marketing of Ice-cream Exports and Happinezz Parlors owned and/or managed by Group. For Processed Food Division, Mr. Rajesh R. Gandhi looks after Exports and Domestic Sales, International Freight, Government Subsidies of entire division. For Construction, he takes care of Sales & Marketing & Legal. The total portfolio of Finance, Accounts, MIS, Taxation, Internal Audit, EDP, Secretarial, Legal, Insurance, Systems, all Taxes & DGFT and Human Resource of all above-mentioned departments and P&A of Head Office is taken care by him.

**(4) Remuneration proposed**

It is proposed to decide the terms of remuneration to be paid to Mr. Rajesh R. Gandhi, for a period of 3 years from 1-4-2014 to 31-03-2017 out of the total tenure of 5 years w.e.f. 1-4-2014 for which he is proposed to be re-appointed as Managing Director of the Company.

**(5) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Apart from Mr. Rajesh R. Gandhi is a Managing Director of the Company and receiving managerial remuneration, he holds 2,27,721 Equity Shares of ₹ 10/- each of the Company in his individual capacity. Mr. Rajesh R. Gandhi is brother of Mr. Virendra R. Gandhi, Vice-Chairman & Managing Director of the Company.

### III. OTHER INFORMATION :

#### Reasons of loss or inadequate profits

During the financial year 2011-2012 and 2012-2013, the Company does not have incurred loss or inadequate profits.

### IV. DISCLOSURES:

(1) The details of managerial remuneration paid to Mr. Rajesh R. Gandhi, Managing Director of the Company during the previous financial year ended on 31<sup>st</sup> March, 2013, are as under:

Particulars	Amount (₹ in lakhs per annum)
Salary	: 29.76
Perquisites/ Allowances	: 11.67
Commission @ 2% on Net Profit	: 2.85
Contribution to PF	: 3.57
<b>Total</b>	<b>: 47.84</b>

(2) Apart from remuneration payable to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the company, the Company does not pay any remuneration including bonus, stock options, pension, etc. to the other directors of the Company. The Company only pays sitting fees to the non-executive Directors of the Company for attending the meeting of Board of Directors and Committees thereof.

(3) The Company has already executed Agreement with Mr. Rajesh R. Gandhi for the period of five years w.e.f. 1<sup>st</sup> April, 2009 for his re-appointment, Supplemental Agreement for payment of remuneration for first three years from 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2012 and Supplemental Agreement for payment of remuneration for remaining period of 2 years from 1<sup>st</sup> April, 2012 upto 31<sup>st</sup> March, 2014. The Company will execute the agreement Mr. Rajesh R. Gandhi for the period of five years w.e.f. 1<sup>st</sup> April, 2014 for his re-appointment as soon as his re-appointment will be approved by the shareholders in the ensuing Annual General Meeting of the Company.

(4) The Company has not issued any stock options to any Directors of the Company.

The Board therefore recommends approval of the re-appointment of Mr. Rajesh R. Gandhi as a Managing Director of the Company and payment of remuneration and commission as mentioned above.

The re-appointment of Mr. Rajesh R. Gandhi as Managing Director of the Company shall be valid for a period of 5 years w.e.f. 1<sup>st</sup> April, 2014. However, the terms related to remuneration to be paid to Mr. Rajesh R. Gandhi shall be valid for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, in terms of provisions of Para-B of Section II of Part-II of Schedule XIII of the Companies Act, 1956. The terms related to remuneration to be paid to Mr. Rajesh R. Gandhi for the remaining period of 2 years of his tenure w.e.f. 1<sup>st</sup> April, 2017 shall be revised by a fresh Special Resolution of the Members of the Company.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of re-appointment and payment of remuneration as mentioned in the draft Agreement proposed to be entered into between the Company and Mr. Rajesh R. Gandhi under Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi and referred to in the Resolution contained in Item No. 6 of the Notice is available for inspection at the Registered Office of the Company on all working days between 2.00 p.m. and 4.00 p.m. upto the date of Annual General Meeting.

Mr. Rajesh R. Gandhi is interested in the resolution. Mr. Virendra R. Gandhi, Vice-chairman and Managing Director of the Company, being related to Mr. Rajesh R. Gandhi may be deemed to be concerned or interested in the resolution. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

#### **ITEM NO. 8**

The present term of office of Mr. Devanshu L. Gandhi as a Managing Director of the Company will expire on 31<sup>st</sup> March, 2014. The Board of Directors of the Company at their meeting held on 30<sup>th</sup> May, 2013 has, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable, re-appointed Mr. Devanshu L. Gandhi as a Managing Director of the Company for a further period of five years with effect from 1<sup>st</sup> April, 2014, on the terms and conditions as to the re-appointment and payment of remuneration, perquisites, allowances and commission mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi.

The Department of Company Affairs has vide notification dated 16<sup>th</sup> January, 2002, amended Schedule XIII to the Companies Act, 1956, revising the limits for payment of managerial remuneration by Companies. Pursuant to the said notification, the Remuneration Committee, at their meeting held on 30<sup>th</sup> May, 2013 approved the terms and conditions of payment of remuneration, perquisites, allowances and commission to Mr. Devanshu L. Gandhi as mentioned below and more particularly mentioned in the draft Agreement to be entered into between



the Company and Mr. Devanshu L. Gandhi, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable.

Mr. Devanshu L. Gandhi has been associated with the Company since its inception and he is looking after day to day affairs of the Company. He has vast experience in Ice-cream and Processed Food business. Considering the above, your Directors are of the opinion that it is in the interest of the Company to re-appointment him as a Managing Director of the Company.

The terms and conditions and remuneration relating to his re-appointment as Managing Director set out in the draft Agreement, a copy whereof duly initialed by the Chairman is placed at the meeting for the purpose of identification and is subject to the approval of Members of the Company.

Subject to the provisions of Section 198, 269, 309, 316 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the principal terms and conditions as contained in the draft Agreement relating to re-appointment and particularly payment of remuneration to Mr. Devanshu L. Gandhi are as under :-

1. The Managing Director shall, subject to the supervision, direction and control of the Board of Directors of the Company, manage the business and affairs of the Company.
2. Period of Agreement: 5(five) years with effect from 1<sup>st</sup> April, 2014.
3. Remuneration :

**I) Salary, Perquisites and Allowances (Amount in Rs. per month) :**

Particulars	1-4-2014 to 31-3-2015	1-4-2015 to 31-3-2016	1-4-2016 to 31-3-2017
Basic	270,000	300,000	330,000
HRA (in lieu of accommodation - furnished or otherwise)	145,000	161,000	177,000
Re-imbursement of Medical Expenses (for Managing Director and his family)	2,600	3,000	3,400
Provident Fund @12% on Basic Salary	32,400	36,000	39,600
<b>Total</b>	<b>450,000</b>	<b>500,000</b>	<b>550,000</b>

**Notes:**

- 1) Mr. Devanshu L. Gandhi is entitled other privileges, facilities and amenities as per the rules of the Company.
- 2) For the purpose of perquisites and allowances, family means the spouse, dependant children and dependant parents of the Managing Director.

**Other Perquisites and Allowances**

- A) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- B) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- C) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.  
  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.
- D) Provision of car for use on Company's business and telephone at residence (including payment for local calls and long distance official calls) will not be considered as perquisites and shall not be included in the computation of perquisites and allowances for the purpose of calculating the above ceiling. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
- E) Encashment of leave as per Rules of the Company and will not be included in the ceiling on perquisites.

4. Commission :

In addition to the Salary, Perquisites and other Allowances as mentioned above and in case of Company having adequate profit in any financial year during his term of Office, Mr. Devanshu L. Gandhi shall also be entitled for such financial year to a Commission at the rate of 2.00% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.

5. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Mr. Devanshu L. Gandhi as a Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).
6. The Company shall also re-imburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.
7. The terms and conditions of payment of remuneration, perquisites, allowances and commission specified hereinabove may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines as may be announced by the Central Government from time to time.
8. The Managing Director, so long as he function as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
9. The Managing Director shall not be liable to retire by rotation.
10. For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.
11. A Statement as per requirement of Schedule XIII is given to the Shareholders containing following information of the Company and Mr. Devanshu L. Gandhi :-

I. **GENERAL INFORMATION :**

**(1) Nature of industry**

The Company is engaged in the business of manufacturing Ice-cream and Frozen Dessert and processing and exporting Processed Food products, such as Frozen Fruits and Vegetables, Canned Fruit Pulp, Ready-to-eat and Ready-to-serve products, etc.

Ice-cream Division of the Company has 3 manufacturing plant situated at 1) Dudheshwar Road, Ahmedabad, 2) Village Pundhra, Taluka Mansa, Dist. Gandhinagar, Gujarat and 3) Bareilly, Uttar Pradesh.

The Company is processing Frozen Fruits, Vegetables and Processed Foods by latest freezing technology, namely, "Individually Quick Freezing" (IQF) at its factory situated at Dharampur, Dist. Valsad, Gujarat. The Processed Food Division commenced its operation in 1991. The Company is exporting nearly 60 products in USA, Canada, UK, Kuwait, UAE, Singapore, New Zealand, Australia. The Company has also started selling Processed Food products in Domestic Market.

The Company is also having Forex Division dealing in Foreign Exchange Management and Money Changing business.

**(2) Date of commencement of commercial production**

The Company is in the business of Ice-cream since 1982. The Process Food division commenced its operation in 1991.

**(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus**

The Company is in existence since 1982.

**(4) Financial performance based on given indicators**

Following is the financial performance of the Company since last 3 years :

(₹ in Lacs)

Financial Year	Income from Operations	Gross Profit before Depreciation and Financial Expenses	Net Profit after Tax
2010-2011	23613.82	2526.58	508.17
2011-2012	28222.46	3881.91	625.24
2012-2013	32020.59	4490.11	597.42



**(5) Export performance and net foreign exchange earnings**

Following is the export performance of the Company since last 3 Years:-

(₹ in Lacs)

Financial Years	Export Sales (FOB Value)
2010-2011	2285.30
2011-2012	2995.25
2012-2013	3487.49

**(6) Foreign investments or collaborators, if any.**

The Company has an investment in share capital of its wholly-owned subsidiary company, namely, Vadilal Industries (USA) Inc.

**II. INFORMATION ABOUT THE APPOINTEE:****(1) Background details:**

Name : Mr. Devanshu L. Gandhi  
 Designation : Managing Director  
 Age : 45 Years  
 Experience : 25 Years

Mr. Devanshu L. Gandhi is a Director and Managing Director of the Company since 1988. He has an experience of over 23 years in Ice-cream business.

**(2) Recognition or awards:**

The Company has always made continuous efforts to improve the process of manufacturing and to achieve Foods safety, quality and efficiency in each of its operations. This is evident from the achievement of BRC - Food Certification by Intertek Moody (Mumbai), HALAL from HALAL, India, ISO 22000:2005 certified by INDOCERT accredited to National Accreditation Board for certification Bodies (NABCB, QCI, India) towards Food Safety Management System and ISO 9001:2008 certification from ISOQAR, (U.K.) towards Quality Management System for its Processed Food Division, situated at Dharampur, Dist. Valsad, Gujarat .

Also, in the list, is the Two Star Export House Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products (APEDA).

The BRC – Food and ISO 22000:2005 Certification from Bureau Veritas, Mumbai for its ice-cream plant at Pundhra in the State of Gujarat and Bareilly in the State of Uttar Pradesh for Management System is another feather in the cap of the Company.

**(3) Job profile and his suitability**

Mr. Devanshu L. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream & Processed Food business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Domestic Sales and Marketing of Ice-cream Division, Government Subsidies of Ice-cream plants and Revenue Expenses of Refrigeration Service Department. Mr. Devanshu L. Gandhi looks after Production, Purchase, Works, QC, R&D of Processed Food Division. He looks after purchase of Land & Materials, Project Commissioning & Legal for Construction Division. Entire Forex Division (FFMC & Consultancy Services) and Human Resource & P&A (respective) is taken care by him.

**(4) Remuneration proposed**

It is proposed to decide the terms of remuneration to be paid to Mr. Devanshu L. Gandhi, for a period of 3 years from 1-4-2014 to 31-03-2017 out of the total tenure of 5 years w.e.f. 1-4-2014 for which he is proposed to be re-appointed as Managing Director of the Company.

**(5) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Apart from Mr. Devanshu L. Gandhi is a Managing Director of the Company and receiving managerial remuneration, he holds 3,33,276 Equity Shares of ₹ 10/- each of the Company in his individual capacity. Mr. Devanshu L. Gandhi is not related with other Directors of the Company.

**III. OTHER INFORMATION :****Reasons of loss or inadequate profits**

During the financial year 2011-2012 and 2012-2013, the Company does not have incurred loss or inadequate profits.

**IV. DISCLOSURES:**

- (1) The details of managerial remuneration paid to Mr. Devanshu L. Gandhi, Managing Director of the Company during the financial year ended on 31<sup>st</sup> March, 2013, are as under:

Particulars	Amount (₹ in lakhs per annum)
Salary	: 29.76
Perquisites/ Allowances	: 11.67
Commission @ 2% on Net Profit	: 2.85
Contribution to PF	: 3.57
<b>Total</b>	<b>: 47.84</b>

- (2) Apart from remuneration payable to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the company, the Company does not pay any remuneration including bonus, stock options, pension, etc. to the other directors of the Company. The Company only pays sitting fees to the non-executive Directors of the Company for attending the meeting of Board of Directors and Committees thereof.
- (3) The Company has already executed Agreement with Mr. Devanshu L. Gandhi for the period of five years w.e.f. 1<sup>st</sup> April, 2009 for his re-appointment, Supplemental Agreement for payment of remuneration for first three years from 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2012 and Supplemental Agreement for payment of remuneration for remaining period of 2 years from 1<sup>st</sup> April, 2012 upto 31<sup>st</sup> March, 2014. The Company will execute the agreement Mr. Rajesh R. Gandhi for the period of five years w.e.f. 1<sup>st</sup> April, 2014 for his re-appointment as soon as his re-appointment will be approved by the shareholders in the ensuing Annual General Meeting of the Company.
- (4) The Company has not issued any stock options to any Directors of the Company.

The Board therefore recommends approval of the re-appointment of Mr. Devanshu L. Gandhi as a Managing Director of the Company and payment of remuneration and commission as mentioned above.

The re-appointment of Mr. Devanshu L. Gandhi as Managing Director of the Company shall be valid for a period of 5 years w.e.f. 1<sup>st</sup> April, 2014. However, the terms related to remuneration to be paid to Mr. Devanshu L. Gandhi shall be valid for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, in terms of provisions of Para-B of Section II of Part-II of Schedule XIII of the Companies Act, 1956. The terms related to remuneration to be paid to Mr. Devanshu L. Gandhi for the remaining period of 2 years of his tenure w.e.f. 1<sup>st</sup> April, 2017 shall be revised by a fresh Special Resolution of the Members of the Company.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of re-appointment and payment of remuneration as mentioned in the draft Agreement proposed to be entered into between the Company and Mr. Devanshu L. Gandhi under Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi and referred to in the Resolution contained in Item No. 7 of the Notice is available for inspection at the Registered Office of the Company on all working days between 2.00 p.m. and 4.00 p.m. upto the date of Annual General Meeting.

Mr. Devanshu L. Gandhi is interested in the resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

#### **ITEM NO. 9**

Pursuant to Article No. 139 of the Articles of Association of the Company, the Company can pay remuneration to the Directors by way of fees of such sum as may be prescribed by the Central Government for each meeting of the Board of Directors or committee(s) thereof, attended by them. The Central Government has prescribed maximum limit of Rs. 20,000/- per meeting attended by the Directors.

At present the non-executive Directors of the Company are paid sitting fees of Rs. 20,000/- per Board Meeting including service tax at applicable rate and other taxes and charges, if applicable plus out-of-pocket expenses of Rs. 2,000/- per Board Meetings of the Company attended by them.

It is proposed to increase the sitting fees payable to the non-executive Directors of the Company, for attending the Board Meetings of the Company from Rs. 20,000/- to Rs. \_\_\_\_\_/- per Board Meeting including service tax at applicable rate and other taxes and charges, if applicable.

The approval of the Shareholders by way of a Special Resolution and approval of Central Government is required for payment of sitting fees to the Non-executive Directors of the Company for attending Board or committee meeting in excess of the limit prescribed under Section 310 of the Companies Act, 1956 and Rule – 10B of the Companies (Central Government's) General Rules and Forms, 1956.

The Directors therefore recommend the Resolution as mentioned in Item No. 9 of the Notice for approval of the Members.

The Non-executive directors of the Company are concerned or interested in the said resolution. Except them none of the Director is concerned or interested in the resolution.

#### **ITEM NO. 10**



The Company proposes to enter into various dairy and other products including but not limited to Milk and Milk Bases Products, Ghee, Paneer, Whipped Cream, Butter Milk, Yogurt, Curd, Milk Shake etc.

As per provisions of Section 149(2A) of the Companies Act, 1956, approval of the shareholders by way of a Special Resolution is required for commencement of any business as set out in Other Objects clause of the Memorandum of Association.

Pursuant to Sub-clauses 31 and 37 of "Other Objects for which company is established" of Clause III(C) of the Memorandum of Association of the Company, the Company is authorized to run a dairy and deal in milk, cream, butter, cheese etc.

The Directors therefore recommend the Special Resolution as mentioned in Item No. 10 of the Notice for approval of the Members.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of the shares held by them in the Company. None of the Director is concerned or interested in the resolution.

#### **ITEM NO. 11**

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid-up capital and its free reserves that is to say reserves not set apart for any specific purpose.

The Shareholders of the Company had at the 26<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2010 approved borrowings upto an amount of Rs. 225.00 crores and authorized the Board to borrow funds from time to time for the business of the Company.

Keeping in view the Company's business requirements and its growth plans including expansion made recently by the Company and also for further proposed expansion-cum-modernisation of its Ice-cream manufacturing plants situated at Pundhra and Bareilly and Processed Food manufacturing plant situated at Dharampur, it is considered desirable to increase the said borrowing limits from Rs. 225.00 Crores to Rs. \_\_\_\_\_.00 Crores.

The Directors therefore recommend the Resolution as mentioned in Item No. 11 of the Notice for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

#### **ITEM NO. 12**

The Borrowings by a Company, in general is required to be secured by mortgage/hypothecation/ pledge or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage/hypothecation/pledge and/or charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate company, with a power to the charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the Members to pass a resolution under the said Section.

The Directors therefore recommend the Resolution as mentioned in Item No. 12 of the Notice for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**By Order of the Board  
For VADILAL INDUSTRIES LIMITED  
RAJESH R. GANDHI  
Managing Director**

#### **Registered Office :**

Vadilal House, Shrimali Society,  
Nr. Navrangpura Rly. Crossing,  
Navrangpura, Ahmedabad - 380 009.  
Dated : \_\_\_\_\_, 2013.





## DIRECTORS' REPORT

To,  
The Members,  
VADILAL INDUSTRIES LIMITED  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 29<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2013.

### REVENUE FROM OPERATIONS

The Company has earned the Revenue from Operations (net) of ₹32020.59 lacs and Other Income of ₹813.72 Lacs during the year ended on 31<sup>st</sup> March, 2013 as against ₹ 28222.46 Lacs and ₹288.80 lacs respectively earned during the previous year ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS:

(₹ in lacs)		
Particulars	Year ended 31-3-2013	Previous year ended 31-3-2012
(a) Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	4490.11	3881.91
(b) Finance Cost	2481.63	1989.32
(c) Depreciation and amortization expenses	1152.03	952.39
Less : Recoupment from Revaluation Reserve / Deferred Government Grant	<u>53.53</u>	<u>20.73</u>
	1098.50	931.66
(d) Profit before Exceptional and Extraordinary Items and Tax	909.98	960.93
(e) Exceptional Items	0.00	0.00
(f) Profit before Extraordinary Items and Tax	909.98	960.93
(g) Extraordinary Items	0.00	0.00
(h) Profit before Tax	909.98	960.93
(i) Tax Expenses		
(a) Current (MAT Tax) Less : MAT Credit entitlement	178.06	189.73
	<u>(99.98)</u>	<u>(175.43)</u>
(b) Deferred Tax charge / (release)	196.20	311.71
(c) (Short)/Excess Provision of Tax / Deferred Tax	<u>(38.28)</u>	<u>(9.68)</u>
	312.56	335.69
(j) Profit/(Loss) for the period	<u>597.42</u>	<u>625.24</u>
(k) <b>Surplus in the Statement of Profit and Loss:</b>		
Balance as per last Financial Statements	323.51	323.58
Profit for the year	597.42	625.24
Less : Appropriations:		
(a) Proposed final equity dividend (amount per share ₹1.50/- P. Y. amount per share ₹1.50/-)	107.42	107.42
(b) Tax on proposed equity dividend	18.32	17.49
(c) Transferred to General Reserve	<u>300.00</u>	<u>500.00</u>
Total Appropriations	<u>426.14</u>	<u>625.31</u>
Net Surplus / (Deficit) in the statement of Profit and Loss:	<u>494.79</u>	<u>323.51</u>

### DIVIDEND :

The Directors have recommended dividend of ₹1.50 per share (@15.00%) on 71,87,830 Equity Shares of ₹ 10/- each of the Company for the Financial Year ended on 31<sup>st</sup> March, 2013. The Company declared ₹1.50 per share (@15.00%) dividend for the previous Financial Year ended on 31<sup>st</sup> March, 2012. This will absorb ₹107.82 lacs as against ₹107.82 lacs absorbed in the previous year. The corporate dividend tax payable by the Company on the said dividend will be ₹18.32 lacs as against ₹17.49 lacs in the previous year. If approved, the dividend will be paid without deduction of tax at source to the shareholders.

### MANAGEMENT DISCUSSION AND ANALYSIS :

Management Discussion and Analysis Report has been enclosed herewith as per Annexure "A" and forming part of the Directors' Report.

### ADDITIONAL DISCLOSURES :

In line with the requirements of the Listing Agreement with the Stock Exchanges and the Accounting Standards of the





Institute of Chartered Accountants of India, your Company has made additional disclosures in the Notes on Accounts for the year under review in respect of Related Party Transactions, Employees Benefits, Taxes on Income, Derivative Instruments, Segmental Reporting (in Notes on Consolidated Accounts), Calculation of EPS, Foreign Currency Transactions etc.

#### **QUALITY ASSURANCE AND AWARDS**

##### **ISO 22000:2005 AND ISO 9001:2008 CERTIFICATES**

The Company has always made continuous efforts to improve the process of manufacturing and to achieve Foods safety, quality and efficiency in each of its operations. This is evident from the achievement of BRC - Food Certification by Intertek Moody (Mumbai), HALAL from HALAL, India, ISO 22000:2005 certified by INDOCERT accredited to National Accreditation Board for certification Bodies (NABCB, QCI, India) towards Food Safety Management System and ISO 9001:2008 certification from ISOQAR, (U.K.) towards Quality Management System for its Processed Food Division, situated at Dharampur, Dist. Valsad, Gujarat.

Also, in the list, is the Two Star Export House Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products (APEDA).

The BRC – Food and ISO 22000:2005 Certification from Bureau Veritas, Mumbai for its ice-cream plant at Pundhra in the State of Gujarat and Bareilly in the State of Uttar Pradesh for Management System is another feather in the cap of the Company.

#### **FINANCE:**

During the year under review, the Company has availed the Term Loans from various Term Lenders towards part financing the expansion-cum-modernization of its existing manufacturing units. The Company has also availed during the year under review, various short term loans from Banks and other companies, which have been duly repaid by the Company.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001 (IEPF), during the year under review, the Company has transferred the amount of unclaimed fixed deposit of ₹15,000/- and unclaimed interest on fixed deposit of ₹17,389/- upto 31-3-2006, to IEPF established by the Central Government under Section 205C(1) of the Companies Act, 1956. During the year under review, the Company has also transferred Dividend of ₹96,307/- for the year 2004-2005, to IEPF established by the Central Government under Section 205C(1) of the Companies Act, 1956.

#### **FIXED DEPOSITS:**

The Company has no overdue deposits outstanding other than those unclaimed deposits of ₹\_\_\_\_\_ lacs as on 31st March, 2013. As on date of this Report, deposits aggregating ₹84.35 lacs thereof have been claimed and either paid or renewed. The Company has mobilised Fixed Deposit of ₹106.40 lacs during the year ended on 31st March, 2013, after complying with the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended. After repaying the maturities during the year, the total Fixed Deposits as on 31st March, 2013 stood at ₹161.72 lacs.

#### **SUBSIDIARY COMPANY:**

The Company has incorporated a wholly-owned subsidiary company namely Vadilal Industries (USA) Inc., in the State of New Jersey in USA during the year – 2009-2010. However, pursuant to the provisions of Section 212 of the Companies Act, 1956 read with the General Circular No. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, granting general exemption under Section 212(8) of the Companies Act, 1956, the Annual Accounts and other related details of Vadilal Industries (USA) Inc., including the Statement under Section 212(1)(e), for the year ended on 31-3-2013, are not attached with the Balance Sheet of the Company. However, the financial information of the said Subsidiary Company has been included in the notes to the Consolidated Accounts attached herewith.

However, the Company undertakes that the Reviewed/Audited Financial Statements of Vadilal Industries (USA) Inc. for the year ended on 31-3-2013, alongwith reports of Directors and Independent Accountant thereon shall be made available to shareholders and a hard copy of the same shall be provided to the shareholders, on their written request. The said Reviewed/Audited Financial Statements of Vadilal Industries (USA) Inc. for the year ended on 31-3-2013, alongwith reports of Directors and Independent Accountant thereon including Statement under Section 212(1)(e) shall also be available for inspection by any shareholder of the Company, **at the Share Department** of the Company on any working days except Saturdays between 2.00 p.m. to 4.00 p.m. upto the date of Annual General Meeting.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

As stipulated by Clause-32 of Listing Agreement with Stock Exchanges, Consolidated Financial Statements of the Company, its wholly-owned Subsidiary Company namely, Vadilal Industries (USA) Inc. and Vadilal Cold Storage, a Partnership Firm, for the year ended on 31<sup>st</sup> March, 2013 have been prepared by the Company in accordance with the requirements of Accounting Standard - 21 "Consolidated Financial Statements" and Accounting Standard 23 "Accounting for investments in Associates" issued by the Institute of Chartered Accountants of India and prescribed under Section 211(3C) of the Companies Act, 1956. The Audited Consolidated Financial Statements form part of the Annual Report.

#### **CORPORATE GOVERNANCE:**

Being a Listed Company, the Company has taken necessary measures to comply with the Listing Agreement with the Stock Exchanges as amended from time to time including revised Clause 49 regarding Corporate Governance. A separate report on Corporate Governance for the year ended on 31st March, 2013 is attached herewith as a part of this Annual Report. A certificate from Statutory Auditors of the Company regarding compliance of Corporate



Governance as stipulated under the revised Clause-49 of Listing Agreement is obtained by the Company and annexed to the Corporate Governance Report.

#### **RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the confirmation and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 and confirm :

- a) that in the preparation of Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 31st March, 2013 and of the profit or loss of the Company for that year;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the Annual Accounts on a going concern basis.

#### **INSURANCE:**

All insurable interests of the Company including buildings, plant and machinery, furniture & fixtures and other insurable interest are adequately insured.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure -"B" attached herewith and forming part of the Directors' Report.

#### **LISTING AGREEMENT WITH STOCK EXCHANGES:**

Pursuant to the provisions of Listing Agreement with the Stock Exchanges, the Company declares that the Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company's shares were also listed at the Ahmedabad Stock Exchange Limited (ASE) till 30<sup>th</sup> July, 2012.

The Equity Shares of the Company are admitted to dealings on the National Stock Exchange of India Limited (NSE) on Capital Market Segment vide a Circular of NSE bearing Ref. No. NSE/LIST/C/2011/0587 dated 13-06-2011 and a letter of NSE bearing Ref. No. NSE/LIST/ 167762-A dated 13<sup>th</sup> June, 2011. The Trading on Capital Segment of the NSE was commenced from 15-06-2011. The designated Security Code for the purpose of dealings at NSE is VADILALIND-EQ.

The Company confirms that it has paid Annual Listing Fees due to the Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and Ahmedabad Stock Exchange Ltd. upto the Financial Year – 2013-2014.

#### **DELISTING AT AHMEDABAD STOCK EXCHANGE LIMITED:**

Considering the negligible volume of trading at Ahmedabad Stock Exchange Limited, the Board of Directors has, at its meeting held on 30<sup>th</sup> May, 2012 approved to voluntarily delist total 7187830 Equity Shares of Rs. 10/- each of the Company from the Ahmedabad Stock Exchange Limited. On application of the Company, the Ahmedabad Stock Exchange Limited has, vide a letter dated 31<sup>st</sup> July, 2012 approved the delisting of the aforesaid Equity Shares of the Company from the exchange and the said shares has been removed from the list of the exchange w.e.f. 31<sup>st</sup> July, 2012.

However, the equity shares of the Company shall continue to be listed at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, which are having nation wide terminals.

#### **PARTICULARS OF EMPLOYEES:**

During the financial year under review, no employee of the Company including Managing Directors was in receipt of remuneration in aggregate of Rs. 5,00,000/- per month or more or Rs. 60,00,000/- per annum or more. Hence, the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 need not to be given.

#### **DIRECTORS:**

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. \_\_\_\_\_ and Mr. \_\_\_\_\_, Directors of the Company, shall retire by rotation at this Annual General Meeting, and being eligible, offer themselves for re-appointment. The Members are requested to consider their re-appointment as Directors of the Company, for which necessary resolutions have been incorporated in the notice of the meeting. The brief resume/details relating to the said Directors, who are to be re-appointed are furnished in the Notes to the Notice of the Annual General Meeting.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Company daily provides Ice-cream to the patients of M. P. Shah Cancer Hospital, the Gujarat Cancer and Research Institute, New Civil Hospital Compound, Asarwa, Ahmedabad.

#### **AUDITORS:**

M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad, holds office as Statutory Auditors of the Company until the conclusion of this Annual General Meeting and as recommended by Audit Committee, the Board recommends their



appointment, as Statutory Auditors of the Company, for the Financial Year – 2013-2014 and to hold office from the conclusion of the ensuing 29<sup>th</sup> Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The Company has received a certificate from the said Auditors under Section 224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act. The Members are requested to consider their appointment as Statutory Auditors of the Company for the Financial Year – 2013-2014, at a remuneration to be decided by the Board of Directors.

#### **AUDITORS' REPORT OF THE COMPANY:**

The following clarification has been made by the Directors in respect of the observation made by the Auditors in CARO report for the year ended on 31<sup>st</sup> March, 2013:-

1. \_\_\_\_\_
2. \_\_\_\_\_

#### **COST AUDITORS:**

The Ministry of Corporate Affairs has, vide a notification no. G.S.R. 429(E) dated 3<sup>rd</sup> 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 Company's Act, 1956 for "Packaged Food Products". Accordingly, the Company has appointed Mr. Vinod Himmatlal Shah, Cost Accountant, Ahmedabad, having Membership No. 889 as Cost Auditor of the Company, to audit the Cost records maintained by the Company, for the Financial Year – 2013-2014. The appointment of Mr. Vinod Himmatlal Shah as a Cost Auditor of the Company for the Financial Year – 2013-2014 has been approved by the Central Government.

#### **ACKNOWLEDGEMENT:**

The Directors place on record the appreciation and gratitude for the co-operation and assistance extended by various departments of the Union Government, State Government, Bankers and Financial Institutions.

The Directors also place on record their appreciation of dedicated and sincere services of the employees of the Company at all levels.

The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

**By Order of the Board of Directors**

Date : 13th August, 2013.  
Place : Ahmedabad

**RAJESH R. GANDHI**  
**MANAGING DIRECTOR**

**DEVANSHU L. GANDHI**  
**MANAGING DIRECTOR**



















## CORPORATE GOVERNANCE REPORT

**Report on Corporate Governance for the year ended on 31st March, 2013  
(2012-2013)**

❖ **Brief statement on Company's philosophy on Code of Governance :-**

In April, 2000, the Securities and Exchange Board of India (SEBI) introduced a comprehensive code on Corporate Governance. Pursuant to this, the Stock Exchanges have amended Listing Agreement. A report, in line with the requirement of the Stock Exchanges pursuant to Clause 49 of Listing Agreement as amended from time to time, is given below.

Over the past few years, the transition in the business environment, coupled with liberalisation and changing market conditions, has led to a fundamental shift in the management's approach to enhancing shareholder value. In this context, Corporate Governance has attained paramount importance for ensuring fairness, transparency, accountability and responsibility to all stakeholders.

The Company's philosophy on Corporate Governance is aimed at making the top management of the Company in the efficient conduct of its business and in making its obligation to Shareholders.

❖ **The Report on Corporate Governance is divided into ten parts :-**

- 1) Board of Directors,
- 2) Remuneration of Directors,
- 3) Committees of the Board - Audit Committee, Remuneration Committee, Share Transfer and Investors' Grievance Committee and Selection Committee,
- 4) General Body Meetings,
- 5) Disclosures,
- 6) Code of Conduct,
- 7) Code of Conduct under SEBI (Prohibition of Insider Trading) Regulation, 1992,
- 8) Means of Communication,
- 9) General Shareholder information, and
- 10) Compliance of non-mandatory requirements

**1) Board of Directors**

(i) **Composition and category of Directors :**

The Board of the Company comprises Executive and Non-executive Directors. The majority Directors on the Board are Non-executive Directors. The day-to-day management of the Company is conducted by the Managing Directors of the Company, subject to the supervision, direction and control of the Board of Directors of the Company.

The Board of Directors of the Company as on 31-03-2013 consists the following 7 Directors, out of which, majority Directors are Non-executive Directors and one half of the total Directors are Independent Directors :-

<u>Category</u>	<u>Name of the Directors</u>
A. Promoters, Executive and Non-independent Directors	1 Mr. Virendra R. Gandhi, Vice-Chairman & Managing Director 2 Mr. Rajesh R. Gandhi, Managing Director 3 Mr. Devanshu L. Gandhi, Managing Director
B. Non-executive and Independent Directors	4 Mr. C. M. Maniar 5 Mr. Kshitish M. Shah 6 Mr. Rohit J. Patel 7 Mr. Rajesh K. Pandya

During the year under review, Mr. Ramchandra R. Gandhi ceased to be a Director and Chairman of the Company w.e.f. 3<sup>rd</sup> November, 2012 due to ill health. Mr. Ramchandra R. Gandhi was promoter and non-executive Director of the Company and Chairman of the Board of Directors of the Company.

Considering the association of Mr. Ramchandra R. Gandhi as a co-founder with entire Vadilal Group since its inception and contributions made by him in the growth and development of the Group, Mr. Ramchandra R. Gandhi has been designated as "Chairman Emeritus" w.e.f. 3<sup>rd</sup> November, 2012.

(ii) **Number of Board Meetings held and the dates on which held :**

The Board met 9 times during the year under review on 21-04-2012, 30-05-2012, 30-07-2012, 13-08-2012, 12-10-2012, 03-11-2012, 24-01-2013, 09-02-2013 and 22-03-2013. The gap between two Board Meetings did not exceed 4 months.

The Board Meetings were held at the Registered Office of the Company, except Board Meeting on 09-02-2013 held at the Company's Ice-cream plant situated at Pundhra, Taluka Mansa, Dist. Gandhinagar.

(iii) **Attendance of each Director at the Board Meetings (9 Board Meetings) held during the year from 01-04-2012 to 31-03-2013, last Annual General Meeting (AGM) and number of Directorship and Chairmanship / Membership of Committee of each Director in various Companies as on 31-03-2013:**

Name of Director	Attendance Particulars		No. of Directorships and Committee Member/ Chairmanship (including Vadilal Industries Limited)		
	Board Meetings (9 Board Meetings)	Last AGM	Directorship*	Committee Membership **	Committee Chairmanship **
Ramchandra R. Gandhi #	1	Yes	2	2	1
Virendra R. Gandhi	8	Yes	4	3	1
Rajesh R. Gandhi	9	Yes	5	4	Nil



Devanshu L. Gandhi	9	Yes	4	3	Nil
C. M. Maniar	6	No	14	8	Nil
Kshitish M. Shah	9	Yes	2	2	1
Rohit J. Patel	8	Yes	3	2	1
Rajesh K. Pandya	9	Yes	6	1	Nil

# Ceased to be a Director and Chairman of the Company w.e.f. 3<sup>rd</sup> November, 2012.

\* This excludes Directorships held in Private/Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956.

\*\* Committees of Directors include Audit Committee and Share Transfer and Investors' Grievance Committee.

None of the Directors of the Company is a member of Board of more than 15 Public Limited Companies, in terms of Section 275 of the Companies Act, 1956. None of the Directors is a member of more than 10 Board level Committees or a Chairman of more than 5 such Committees as required under Clause 49 of Listing Agreement. The necessary disclosures regarding Committee positions have been made by the Directors.

(iv) **Relationship between the Directors :-**

Name of the Director	Name of the Relative Director	Nature of relation
Mr. Virendra R. Gandhi	1. Mr. Ramchandra R. Gandhi# 2. Mr. Rajesh R. Gandhi	Father Brother
Mr. Rajesh R. Gandhi	1. Mr. Ramchandra R. Gandhi# 2. Mr. Virendra R. Gandhi	Father Brother

# Ceased to be a Director w.e.f. 3<sup>rd</sup> November, 2012.

No other Directors have any relations inter-se.

(v) **Information supplied to the Board :-**

Among others, this includes:

- Annual operating plans and budgets and updates,
- Capital budget and updates,
- Quarterly Results of the Company and its operating divisions or business segments,
- Minutes of meetings of Audit Committee & other Committees of the Board,
- The information on recruitment and remuneration of senior officers just below the Board level,
- Show cause, demand, prosecution notices and penalty notices, which are materially important,
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems,
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Any issue, which involves possible public or product liability claims of substantial Nature,
- Details of any Joint Ventures or Collaboration Agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problems and their proposed solutions. Significant development in Human Resources/Industrial Relations front,
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business,
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material,
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board is routinely presented with all information required under Clause 49 of Listing Agreement wherever applicable and materially significant. These are submitted either as a part of the Agenda papers or are tabled in the course of Board Meeting. Action taken report on the decision / minutes of the previous meeting is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

2) **Remuneration to all Directors :**

The aggregate value of salary, perquisites, other allowances and commission paid including contribution towards Provident Fund to the two Managing Directors of the Company during the year ended on 31-03-2013 (i.e. from 01-04-2012 to 31-03-2013) are as follows, as approved by the Shareholders at the 27<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September, 2011, by passing a Special Resolution towards partial modification in terms of remuneration payable to them, for the remaining period of their existing tenure of 2 years from 01-04-2012 to 31-03-2014:-

Amount (₹ in lacs)

Name of Managing Director	Salary	Perquisites/ Allowances	Commission on Net Profit	Contribution to PF	Total
Mr. Rajesh R. Gandhi	29.76	11.66	2.85	3.57	47.84
Mr. Devanshu L. Gandhi	29.76	11.66	2.85	3.57	47.84

Besides this, the above Managing Directors are also entitled to Superannuation or Annuity Fund, to the extent not taxable and Gratuity and encashment of Leave as per Rules of the Company.

The Company has not paid Bonus to the above Managing Directors of the Company for the financial year ended on 31-03-2013.

The two Managing Directors have earlier been reappointed as Managing Directors of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2014 duly approved by Remuneration Committee, Board of Directors and Shareholders of the Company, at their respective Meetings held on 28-07-2007, 28-07-2007 and 29-9-2007. The Company has entered into an Agreement on 19<sup>th</sup> November, 2007 with Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi for a period of 5 years for their appointment, powers, duties and payment of remuneration.

Subsequently, Remuneration Committee, Board of Directors and Shareholders have also, at their respective meetings held on 25<sup>th</sup> October, 2008, 25<sup>th</sup> October, 2008 and 26<sup>th</sup> September, 2009 partially modified the terms of payment of remuneration to the aforesaid Managing Directors for a period of 3 years w.e.f. 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2012. In this regard, the Company has entered into a Supplemental Agreement on 30<sup>th</sup> September, 2009 with Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi modifying the terms of remuneration payable to them for a period of 3 years from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2012.

Thenafter, Remuneration Committee, Board of Directors and Shareholders of the Company have, at their respective meetings held on 18<sup>th</sup> July, 2011, 18<sup>th</sup> July, 2011 and 27<sup>th</sup> September, 2011 partially modified the terms of remuneration to be paid to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the Company, for the remaining period of their tenure of 2 years w.e.f. 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2014. In this regard, the Company has entered into Second Supplemental Agreement on 27-09-2011 with Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi modifying the terms of remuneration payable to them for the remaining period of their tenure of 2 years from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2014.

The terms of office of the two Managing Directors will expire on 31<sup>st</sup> March, 2014 and they have been reappointed as Managing Directors of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019 with payment of remuneration for a period of 3 years from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2017 as approved by Remuneration Committee and Board of Directors of the Company, at their respective Meetings held on 30<sup>th</sup> May, 2013. The said re-appointment and payment of remuneration shall be made subject to approval of the shareholders of the Company at the 29<sup>th</sup> Annual General Meeting of the Company to be held on \_\_\_\_\_ and approval of the Central Government, if required.

The Managing Directors are required to give 3 months notice in writing to the Company to resign from the office of Managing Director. The Company does not have a scheme for grant of stock options either to the Managing Directors or Employees. None of the other Directors are paid remuneration except sitting fees for attending Board and Committee Meetings.

The Company has paid sitting fees to all Non-executive Directors of the Company for attending Board Meetings, as under, held during the year ended on 31-03-2013:

Sr. No.	Name of the Director	Amount in ₹
1	Mr. Ramchandra R. Gandhi #	6,000/-
2	Mr. C. M. Maniar	92,000/-
3	Mr. Kshitish M. Shah	1,24,000/-
4	Mr. Rohit J. Patel	1,18,000/-
5	Mr. Rajesh K. Pandya	1,24,000/-

# Ceased to be a Director w.e.f. 3<sup>rd</sup> November, 2012.

The Company has also paid sitting fees to the following Non-executive Directors of the Company for attending Audit Committee meetings, held during the year ended on 31-03-2013 :-

Sr. No.	Name of the Director	Amount in ₹
1	Mr. Ramchandra R. Gandhi #	4,000/-
2	Mr. Kshitish M. Shah	56,000/-
3	Mr. Rohit J. Patel	52,000/-
4	Mr. Rajesh K. Pandya	56,000/-

# Ceased to be a Director and Member of Audit Committee w.e.f. 3<sup>rd</sup> November, 2012.

The Non-executive Directors of the Company are also reimbursed the traveling and out-of-pocket expenses for attending such meetings.

No Non-executive Directors of the Company hold any shares in the Company.

### 3) Committees of the Board :

#### (a) Audit Committee :

##### (i) Composition

As on 31-03-2013, there were 3 members of Audit Committee as under :-

1	Mr. Rohit J. Patel	-	Chairman
2	Mr. Kshitish M. Shah	-	Member
3	Mr. Rajesh K. Pandya	-	Member

During the year under review, Mr. Ramchandra R. Gandhi ceased to be a Member of Audit Committee of the Directors of the Company w.e.f. 3<sup>rd</sup> November, 2012.

All members of Audit Committee as mentioned above are Non-executive Directors. The constitution of the Audit Committee also fulfills the requirements under Section 292A of the Companies Act, 1956 apart from the requirements pursuant to Clause 49 of Listing Agreement with the Stock Exchanges.



All 3 members of the Audit Committee are Independent Directors. Mr. Rohit J. Patel, who is the Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 29-09-2012. No queries related to financial results were raised by the members present at the said meeting.

Mr. Nikhil Patel, who is a Company Secretary of the Company, is a Secretary to the Audit Committee.

(ii) **Meeting and Attendance :**

The Audit Committee met 8 times during the year under review on 21-04-2012, 30-05-2012, 30-07-2012, 13-08-2012, 12-10-2012, 03-11-2012, 24-01-2013 and 09-02-2013.

The presence of the Members of the aforesaid Audit Committee Meetings are as under :

Sr. No.	Name of the Director	No. of Audit Committee Meetings attended.
1	Mr. Rohit J. Patel	7
2	Mr. Ramchandra R. Gandhi #	1
3	Mr. Kshitish M. Shah	8
4	Mr. Rajesh K. Pandya	8

# Ceased to be a Member of Audit Committee w.e.f. 3<sup>rd</sup> November, 2012.

The representative of the Statutory Auditors was present in all meetings of the Audit Committee. The Internal Auditors were also present in the meetings. The Managing Directors of the Company were also generally invited to attend the Audit Committee meetings. The Minutes of the Audit Committee Meetings are sent to all Directors of the Company at the time of Board Meeting and are confirmed in the Board Meeting.

(iii) **Terms of reference :**

The terms of reference of the Audit Committee as stipulated by the Board are as under and they are in accordance with all items listed in Clause 49(II)(D) of Listing Agreement with Stock Exchanges :

- Oversight of the Company's financial reporting process and disclosure of its financial information.
- Recommending the appointment and removal of external Auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management, the annual financial statements before submission to the Board, focusing primarily on :
  - Any changes in accounting policies and practices,
  - Major accounting entries based on exercise of judgment by management,
  - Qualifications in draft Audit Report,
  - Significant adjustments arising out of audit,
  - The going concern assumption,
  - Compliance with accounting standards,
  - Compliance with stock exchange and legal requirements concerning financial statements,
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.
- Reviewing with the management, external and internal Auditors, the adequacy of internal control systems. Discussions with Internal Auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with external Auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions with the Auditors periodically about internal control systems, the scope of audit including observations of the Auditors and review the half yearly and annual financial statements before submissions to the Board. Review of annual financial statements of Subsidiary Companies.
- It shall ensure compliance of internal control systems.
- Taking note of Report on Corporate Governance.

(b) **Remuneration Committee :**

The Remuneration Committee of the Directors of the Company was constituted by the Board of Directors at their meeting held on 1st February, 2003 pursuant to the provisions contained in Schedule XIII to the Companies Act, 1956. The Remuneration Committee comprises the following three Directors of the Company, as on 31st March, 2013, namely:

- Mr. Kshitish M. Shah - Chairman
- Mr. C. M. Maniar - Member
- Mr. Rohit J. Patel - Member

The Remuneration Committee was re-constituted by the Board at their meeting held on 30th June, 2007 by introducing Mr. C. M. Maniar as the member in place of Mr. M. N. Vora, who ceased to be a member of Remuneration Committee due to his sad demise.

The constitution of Remuneration Committee fulfills the requirements of Schedule XIII to the Companies Act, 1956. All members of the Remuneration Committee are independent and Non-executive Directors of the Company.

The Remuneration Committee was constituted by the Board for the purpose of taking its approval for payment of managerial remuneration to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the Company.

A meeting of the Remuneration Committee of the Company was held on 30<sup>th</sup> May, 2013 and approved payment of remuneration to them for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014, subject to approval of the Shareholders at the ensuing Annual General Meeting of the Company and approval of the Central Government, if required. Subsequently, the Board of Directors has also approved the said payment of remuneration to them for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 at its meeting held on 30<sup>th</sup> May, 2013.

**(c) Share Transfer and Investors' Grievance Committee :**

**(i) Composition :**

The Board of Directors of the Company has constituted a Share Transfer and Investors' Grievance Committee, comprising of 3 Directors of the Company as on 31<sup>st</sup> March, 2013, namely:

1	Mr. Virendra R. Gandhi	-	Member
2	Mr. Rajesh R. Gandhi	-	Member
3	Mr. Devanshu L. Gandhi	-	Member

During the year under review, Mr. Ramchandra R. Gandhi ceased to be a Member and Chairman of the Share Transfer and Investors' Grievance Committee of the Directors of the Company w.e.f. 3<sup>rd</sup> November, 2012.

The Committee, inter alia, approves the transfer of Shares, issue of duplicate Share Certificates, splitting and consolidation of Shares etc. The Committee also looks after redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc. The Board of Directors have delegated the power of approving transfer of Shares etc. to the Share Transfer and Investors' Grievance Committee.

**(ii) No. of Shareholders complaints received and not solved to the satisfaction of the Shareholders :**

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review were as under :

No. of Complaints outstanding as on 31-03-2012	-	Nil
No. of complaints received during the year under review	-	4
No. of complaints disposed off during the year under review	-	4
No. of complaints outstanding as on 31-03-2013	-	Nil

**(iii) Name and designation of Compliance Officer :**

The Board has designated Mr. Nikhil Patel, Dy. General Manager (Secretarial & Legal) and Company Secretary, as the Compliance Officer of the Company pursuant to Clause - 49 of Listing Agreement.

**(iv) Number of pending transfers :**

No requests for transfer and dematerialisation were pending for approval as on 31<sup>st</sup> March, 2013.

**d) Selection Committee :**

The Selection Committee of the Company was constituted by the Board of Directors, at its meeting held on 24-05-2010, for the purpose of approving appointment and payment of remuneration to any person, who is a relative of a Director of the Company, to hold any office or place of profit in the Company and approving any increase / revision in remuneration to be paid to such person, under Section 314 of the Companies Act, 1956 read with the Rules made thereunder and amended from time to time.

The Selection Committee consists the following three Directors of the Company, as on 31<sup>st</sup> March, 2013, namely :

1.	Mr. Kshitish M. Shah	-	Chairman
2.	Mr. Rohit J. Patel	-	Member
3.	Mr. Rajesh K. Pandya	-	Member

**4) General Body Meetings :**

**(i) Location and Time for last 3 Annual General Meetings (AGM) were :**

Year	AGM	Location	Date	Time
2011-2012	28 <sup>th</sup>	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	29-09-2012	2.30 p.m.
2010-2011	27 <sup>th</sup>	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	27-09-2011	12.30 p.m.
2009-2010	26 <sup>th</sup>	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	30-09-2010	11.00 a.m.

**(ii) Resolution carried out through Postal Ballot :**

No postal ballots were used/invited for voting at the above meetings in respect of Special Resolutions passed in the above said meetings.

At the forthcoming 29<sup>th</sup> AGM, no resolution is proposed to be passed through Postal Ballot.





## 5) Disclosures :

- (i) Transaction with related parties are disclosed in Note No. 28.3 of the Notes on Accounts for the year ended on 31st March, 2013, in the Annual Report as required by the Accounting Standard (AS) 18 issued by ICAI. However, there are no materially significant related party transactions made by the Company with its promoters, directors or the management or their subsidiaries etc. that may have potential conflict with the interests of the Company at large.

The Independent Directors, who are also Non-executive Directors, who apart from receiving sitting fees for attending Board Meetings and Committee Meetings, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiary, which in the judgment of the Board may affect independence of the judgment of the Directors.

The Directors regularly make full disclosures to the Board of Directors regarding nature of their interest in the Companies in which they are Directors or Members. Full particulars of contract entered with the Companies / Partnership Firms, in which the Directors are directly or indirectly concerned or interested are entered in the Register of Contract maintained under Section 301 of the Companies Act, 1956 and the same is placed in every Board Meeting for the noting and signature of the Directors.

- (ii) During the last three years, there were no strictures or penalties imposed on the Company by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

### (iii) Risk Management :

Business risk evaluation and management is an ongoing process within the Company. During the year under review, the Board of Directors has reviewed frequently the risk assessment and minimisation procedure adopted by the Company covering the business operations of the Company.

### (iv) CEO/CFO Certification :

In terms of revised Clause 49 of Listing Agreement, the Certification by CEO and CFO on the financial statements and internal controls relating to financial reporting of the Company has been obtained.

### (v) Management:

The Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this report.

Pursuant to Clause – 49 of the Listing Agreement with the Stock Exchanges, the Senior Management has made disclosures to the Board that during the year ended on 31<sup>st</sup> March, 2013, they have not entered into any material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company.

## 6) Code of Conduct :

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said Code has been communicated to all the Directors and members of Senior Management. They have also affirmed to the Company about the compliance of the said Code during the Financial Year ended on 31st March, 2013. The Code has also been posted on the Company's website - [www.vadilalgroup.com](http://www.vadilalgroup.com). The Certificate received from Managing Directors of the Company, affirming compliance of the said Code of Conduct by all the Board Members and the Senior Management Personnel is annexed separately to this Report.

## 7) Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 1992:

The Company has formed a Code of Conduct for Insider Trading for the Directors, Officers, Designated Employees and Statutory Auditors of the Company, as required under Regulation – 12 of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended.

## 8) Means of communication :

The Company has total 12,183 shareholders as on 31<sup>st</sup> March, 2013. The main channel of communication to the shareholders is through Annual Report, which includes inter alia, the Director's Report, Management Discussions & Analysis and Report on Corporate Governance and Audited Financial Results.

The Unaudited Quarterly Results of the Company for the quarters ended on 30-06-2012 (1st Quarter), 30-09-2012 (2nd Quarter) and 31-12-2012 (3rd Quarter) and the Annual Audited Accounts for the year ended on 31-03-2013 including notes and segment wise revenue, results and capital employed and also the Consolidated Financial Results and half-yearly Statement of Assets and Liabilities and Limited Review Report thereon were submitted to the Stock Exchanges immediately after conclusion of the Board Meetings in which, they are approved by the Board.

The said results were published in the newspapers of Ahmedabad edition, namely, Indian Express (English) and Financial Express (Gujarati). The said results including Notes and Segment wise revenue, results and capital employed are displayed on the corporate website of the Company viz. [www.vadilalgroup.com](http://www.vadilalgroup.com).

The Financial Results and the Shareholding Pattern of the Company will be uploaded on the Corporate Filing and Dissemination System (CFDS) of SEBI viz [www.corpfiling.co.in](http://www.corpfiling.co.in), as and when applicable to the Company, as the SEBI has vide a circular bearing Ref. No. CIR/CFD/DCR/3/2010 dated 3<sup>rd</sup> April, 2010 discontinued its EDIFAR website.

The website of the Company viz. [www.vadilalgroup.com](http://www.vadilalgroup.com) has an exhaustive investor-help section. It contains comprehensive guidelines and procedure for the investors.

## 9) General Shareholder information :

### (i) Annual General Meeting, i.e. next AGM

- Date & Time : \_\_\_\_\_, \_\_\_\_\_, 2013 at \_\_\_\_\_ a.m./p.m.
- Venue : \_\_\_\_\_.

(ii) **Financial Calendar (from 01-04-2013 to 31-03-2014) (Tentative) :**

- Results for quarter ended on 30-06-2013 : On or before 14<sup>th</sup> August, 2013
- Results for quarter ending on 30-09-2013 : On or before 14<sup>th</sup> November, 2013
- Results for quarter ending on 31-12-2013 : On or before 14<sup>th</sup> February, 2014
- Audited Results for the year ending on 31-03-2014 : On or before 30<sup>th</sup> May, 2014
- AGM for the year ending on 31-03-2013 : Last week of September, 2014

(iii) **Book-closure date :**

Book-closure shall be from \_\_\_\_\_, 2013 to \_\_\_\_\_, 2013 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31st March, 2013.

(iv) **Dividend payment date :**

The Dividend of ' 1.50 per shares (@ 15.00%) on Equity Shares for the year ended on 31st March, 2013, if approved and declared, will be paid within the prescribed time limit.

(v) **Listing of Equity Shares on Stock Exchanges at -**

The Company's shares are listed at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company's shares were also listed at the Ahmedabad Stock Exchange Limited (ASE) till 31<sup>st</sup> July, 2012.

Considering the negligible volume of trading at Ahmedabad Stock Exchange Limited, the Board of Directors has, at its meeting held on 30<sup>th</sup> May, 2012 approved to voluntarily delist total 7187830 Equity Shares of Rs. 10/- each of the Company from the Ahmedabad Stock Exchange Limited. However, the equity shares of the Company shall continue to be listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited, which are having nation wide terminals. On application of the Company, the Ahmedabad Stock Exchange Limited has, vide a letter dated 31<sup>st</sup> July, 2012 approved the delisting of the aforesaid Equity Shares of the Company from the exchange and the said shares has been removed from the list of the exchange w.e.f. 31<sup>st</sup> July, 2012.

Listing fees for the Financial Year – 2013-2014 has already been paid to all the above Stock Exchanges.

(vi) **Security Code No. :**

- Bombay Stock Exchange Limited : 519156
- National Stock Exchange of (India) Limited : VADILALIND-EQ
- ISIN No. of NSDL & CDSL for demat of Equity Shares : INE694D01016

(vii) **Stock Market Data :**

The monthly High, Low and Closing Prices of Shares of the Company at Bombay Stock Exchange Limited, (BSE), for the year under review are as under:

Months	High (₹)	Low (₹)	Closing (₹)
April, 2012	133.20	117.90	118.80
May, 2012	126.90	101.20	113.35
June, 2012	117.85	96.45	110.85
July, 2012	124.90	110.00	122.80
August, 2012	223.90	118.15	179.15
September, 2012	306.00	174.40	259.85
October, 2012	281.15	222.75	226.40
November, 2012	265.40	181.80	245.65
December, 2012	261.50	210.20	217.45
January, 2013	252.00	215.15	219.45
February, 2013	224.00	165.10	167.15
March, 2013	206.60	152.00	177.40

(viii) **Share price performance in comparison to BSE Sensex based on share price on 31-03-2013:**

Market - Price data : The monthly high, low and closing prices of the shares of the Company, during the financial year under review and performance of the same in comparison to BSE Sensex are given below :

Months	BSE			SENSEX		
	High (₹)	Low (₹)	Closing (₹)	High (₹)	Low (₹)	Closing (₹)
April, 2012	133.20	117.90	118.80	17,664.10	17,010.16	17,318.81
May, 2012	126.90	101.20	113.35	17,432.33	15,809.71	16,218.53
June, 2012	117.85	96.45	110.85	17,448.48	15,748.98	17,429.98
July, 2012	124.90	110.00	122.80	17,631.19	16,598.48	17,236.18
August, 2012	223.90	118.15	179.15	17,972.54	17,026.97	17,429.56
September, 2012	306.00	174.40	259.85	18,869.94	17,250.80	18,762.74
October, 2012	281.15	222.75	226.40	19,137.29	18,393.42	18,505.38
November, 2012	265.40	181.80	245.65	19,372.70	18,255.69	19,339.90
December, 2012	261.50	210.20	217.45	19,612.18	19,149.03	19,426.71
January, 2013	252.00	215.15	219.45	20,203.66	19,508.93	19,894.98
February, 2013	224.00	165.10	167.15	19,966.69	18,793.97	18,861.54
March, 2013	206.60	152.00	177.40	19,754.66	18,568.43	18,835.77



## Price Chart



(ix) **Registrar and Transfer Agent :**

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002, dated 27-12-2002, the Company has assigned all work related to Share Registry in terms of both physical and electronic to MCS Ltd., Ahmedabad, by entering into an Agreement with the said R&T Agent to that effect. Hence, all Shareholders are requested to send/deliver the documents/correspondence including complaints relating to the Company's share transfer/demat/remat activity to MCS Ltd. at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009.

(x) **Share Transfer system :**

Presently, the requests for share transfer, which are received by the Company or its Registrar & Share Transfer Agent, in physical form, from the shareholders, are processed and the share certificates are returned to the shareholders, within a period of 1 month from the date of receipt of such request for transfer, subject to the documents being valid and complete in all respects. The Share Transfer & Investors' Grievance Committee of the Company, normally meets twice a month to approve the transfer, issue of duplicate share certificates, consolidation and splitting of shares etc.

(xi) **Secretarial Audit:**

Mr. Ashish C. Doshi, a practicing Company Secretary carried out secretarial audit in each of the quarter in the Financial Year – 2012-2013, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by Mr. Ashish C. Doshi, a Practicing Company Secretary for due compliance of share transfer formalities by the Company.

(xii) **Shareholding Details:**

**(a) Distribution of Shareholding as on 31st March, 2012 :**

No. of Equity Shares held	No. of Share holders	No. of Shares	% of Shares
1-500	11568	925434	12.88
501-1000	318	257362	3.58
1001-2000	151	222493	3.10
2001-3000	52	133283	1.85
3001-4000	19	65397	0.91
4001-5000	7	31680	0.44
5001-10000	32	230124	3.20
10001- 50000	20	239789	4.03
50001-100000	5	333708	4.64
100001 & above	11	4698560	65.37
<b>Total:</b>	<b>12183</b>	<b>7187830</b>	<b>100.00</b>



**(b) Categories of Shareholders as on 31st March, 2013 :**

Sr. No.	Category of Shareholder	No. of Equity Shares held	% to total Paid-up Capital
<b>A : Promoters and Promoters' Group :</b>			
1	Directors	731249	10.17
2	Directors' relatives	357823	4.98
3	Group Companies	3413175	47.49
4	HUFs	186351	2.59
5	NRIs	10896	0.15
<b>Total (A) :</b>		<b>4699494</b>	<b>65.38</b>
<b>B : Public :</b>			
1	Foreign Institutional Investors (FIIs)	700	0.01
2	Mutual Funds & UTI	7450	0.10
3	NRIs/OCBs	94694	1.32
4	Bodies Corporate	428756	5.97
5	Financial Institutions/Banks	6800	0.09
6	Trust	2	0.00
7	HUF	184149	2.56
8	Public	1765785	24.57
<b>Total (B) :</b>		<b>2488336</b>	<b>34.62</b>
<b>Total</b>		<b>7187830</b>	<b>100.00</b>

**(xiii) Dematerialisation of Shares :**

The Company, consequent to introduction of Depository System (DS), has established an electronic connectivity with NSDL & CDSL, Depositories. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL and CDSL. In view of the numerous advantages offered by the DS, members are requested to avail the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

If you wish to maintain your shareholding in the electronic form by joining DS, you will have to open an account with a Depository Participant (DP), who are agents of NSDL or CDSL and lodge your share certificates with your DP for Dematerialisation. The DP will then ensure that the physical share certificates are cancelled and after verification by the Company, an equivalent number of shares will be credited to your account with the DP in the electronic form. You are also permitted under the DS to reconvert your electronic shareholding into the physical form of share certificates by a process of Rematerialisation. It may be noted that the DP would charge the investors for its services, which may vary from one DP to another.

It is reiterated that requests for Dematerialisation and Rematerialisation are to be made only to the DP with whom you have opened an account and not directly to the Company or its Registrar & Share Transfer Agent.

Total 6727635 Equity Shares of the Company representing 93.60% of the total paid-up capital of the Company have been dematerialised upto 31-03-2013. Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by SEBI.

**(xiv) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity :**

Not Applicable

**(xv) Plant locations :**

- A. Ice-cream Division : 1) Village Pundhra, Taluka Mansa, Dist. Gandhinagar (Gujarat)  
2) Parsakhera Industrial Area, Bareilly, Uttar Pradesh.
- B. Processed Food Division : Dharampur, Dist. Valsad (Gujarat)
- C. Forex Division : Vadilal House, Navrangpura, Ahmedabad (Gujarat)

**(xvi) Investor Correspondence :**

For transfer and dematerialisation of shares, payment of dividend on shares and interest and redemption on debentures and any other query relating to the shares of the Company :-

- 1) MCS Limited, (Unit : Vadilal Industries Limited), 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009. Tel. Nos. : (079) 26582878, 26581296 Fax No.: (079) 26584027
- 2) Secretarial & Share Department, B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bunglow Char Rasta, Navrangpura, Ahmedabad - 380 009.  
Contact person : Mr. Nikhil Patel, Company Secretary, Tel. Nos. : (079) 30153194 Fax No.: (079) 30153102
- 3) E-mail ID for investors' grievance purpose : [shareslogs@vadilalgroup.com](mailto:shareslogs@vadilalgroup.com)  
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.



(xvii) **Amalgamation of Vadilal Financial Services Ltd. with Vadilal Industries Limited - Exchange of Share Certificates :**

Vadilal Financial Services Ltd. (VFSL), which was a Subsidiary Company, was amalgamated with Vadilal Industries Limited (VIL) w.e.f. 1st April, 1997. It is observed that some of the members of VFSL have still not exchanged their Share Certificates for new Shares of VIL on amalgamation of VFSL with VIL. As the Share Certificates of VFSL are no longer valid, concerned Shareholders are requested to surrender their Share Certificates of VFSL at the Registered Office of the Company to enable them to get new Shares of VIL in the ratio of 1:4.

(xviii) **Address of Registrar of Companies (ROC), Gujarat :**

The Registrar of Companies, Gujarat, ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpuura, Ahmedabad - 380 013. (Phone : 079 - 27438531, 27437597)

(xix) **Nomination facility :**

Your Company has already offered the facility of nomination to the members. Individual Shareholders can avail of the facility of nomination and may submit to the Company the prescribed Form 2B **at the Share Department** of the Company. It is advisable to avail of this facility especially by Shareholders who currently hold Shares in single name. In case of any assistance, please contract **at the Share Department** of the Company at B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009. Tel. Nos. : (079) 30153194 Fax No. : (079) 30153102

**10) Compliance of non-mandatory requirements :**

The Company has not adopted the following non-mandatory requirements as per Clause 49 of Listing Agreement regarding Corporate Governance :-

- 1) Half-yearly declaration of Financial performance and summary of significant events in last six months have not been sent to each shareholder of the Company.
- 2) The Company has not conducted training for the Board members.
- 3) The Company does not have peer group of Board of Directors to evaluate performance of Non-executive Directors.
- 4) The Company does not have Whistle Blower policy.

## AUDITORS' REPORT

**The Members of  
Vadilal Industries Ltd.,  
Ahmedabad.**

We have audited the accompanying financial statements of **Vadilal Industries Limited**, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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 statement Profit and Loss, of the profit 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

### Emphasis of Matter:

- a. Attention is invited to **Note No. 27.3 (a)** of the financial statement, whereby the company has for the year accounted transport subsidy of Rs 57 Lacs awaiting announcement of such policy from government.
- b. Attention is invited to **Note No. 27.3 (b)** of the financial statement, where in as per the reasons stated by the management, investment of Rs 11.74 lacs and advances of Rs 125.58 lacs outstanding at the year end from Company's Overseas Subsidiary are considered realisable/ recoverable.

Our opinion is not qualified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's report) (Amendment) order, 2004 (together with "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.

For **KANTILAL PATEL & CO.,**  
Chartered Accountants  
Firm Registration No. 104744W

**Mayank S. Shah**  
Partner

**Place : Ahmedabad**  
**Date : May 30, 2013**

**Membership No.: 44922**

## ANNEXURE TO THE AUDITORS' REPORT

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT  
Referred to in paragraph 1 under the heading of  
"Report on Other Legal and Regulatory Requirements"  
of our report of even date**

- (i) (a) The company has maintained separate records showing particulars about quantitative details and situation of fixed assets in respect of plant and machinery and in respect of other fixed

assets for addition made from August 2009, on the basis of available information.

- (b) As explained to us, the company has not conducted physical verification of fixed assets during the year. In absence of physical verification of fixed assets material discrepancies if any could not be ascertained.



- (c) The company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) As explained to us, the inventory have been physically verified during the year by the management. In respect of inventory lying with third parties, inventories have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (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 according to the information and explanations given to us, the company has maintained proper records of inventory and the discrepancies noticed on such physical verification between physical stocks and book records have been adequately dealt with in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
- [a] The company has granted interest free loan to subsidiary company. The maximum amount involved during the year and year end balance of loan granted is Rs 125.58 lacs.
- [b] In our opinion other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
- [c] In respect of loans given by the company, principal amount is repayable on demand and therefore the question of overdue amount does not arise.
- [d] The company has not taken secured/ unsecured loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, paragraph 4 (iii) (e), (f) and (g) are not considered applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In respect of 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 particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section.
- [b] According to the information and explanations given to us transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rupees five lakhs or more in respect of any party, have been made at the prices which are *prima facie* reasonable having regard to

prevailing market prices at the relevant time. In respect of ice cream, sales are made at predetermined prices, which in our opinion are *prima facie* reasonable.

- (vi) In our opinion and according to the information and explanations given to us, the company has generally complied with the provisions of section 58 A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public
- We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by Central Government for the maintenance of cost records under Section 209 [1][d] of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) The company is generally regular in depositing undisputed provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues to appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31st March, 2013 for the period of more than six months from the date they become payable *except sales tax of Rs. 17.00 lakhs which remains outstanding for a period of more than six months from the date it became payable.*
- (c) The details of disputed statutory dues as at March 31, 2013 that have not been deposited by the company, are as under :

(Rs. in lakhs)

Sr. No.	Dispute under:	Amount (net of deposit) (Rs.)	Period to which the amount relates	Forum where dispute is pending
(i)	Central Sales Tax Act and Sales Tax Act of various states	23.24 12.49 15.74 1.55 0.6 2.39 0.46 3.6	1998-99 2000-01 2000-01 2001-02 2002-03 2003-04 2003-04 2004-05	- High Court - Jt. Comm.. - Dy. Comm. - Dy. Comm. - Tribunal - Jt Comm - Jt. Comm - Tribunal
(ii)	Income Tax Act, 1961	1.93 3.12 1.37 1.5	1996-97 1999-00 2006-07 2009-10	- High Court - High Court - A.O - CIT Appeals
(iii)	Water Cess	6.55	1998-99 to 10-11	U.P.State pollution Control Board

The following matters, which have been excluded from the above table, have been decided in favour of the company but the department has preferred appeals at higher levels. The details are as under :

(Rs. in lakhs)

Sr. No.	Dispute under:	Amount (net of deposit) (Rs.)	Period to which the amount relates	Forum where department has preferred appeals
(i)	Central Excise Act, 1944	4.58	1988-89	- Asst. Comm. of Central Excise
		4.28	2003-04	- Asst. Comm. of Central Excise
		9.17	2000-01	- High Court, Hyderabad
(ii)	Income Tax Act, 1961	50.46	1992-93	- Tribunal
		31.1	1993-94	- Tribunal
		7.84	1994-95	- High Court
		14.06	1995-96	- High Court
		16.03	1996-97	- High Court
		0.51	2001-02	- High Court
		5.1	2002-03	- High Court
		41.55	1997-98	- High Court

- (x) The company has no accumulated losses and has not incurred any cash losses during the current financial year or for immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks. The company has not obtained any borrowings by way of debentures.
- (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company has given guarantee for loans taken by others from banks or financial institutions. In our opinion and based on the information and explanations given to us, the terms and conditions are considered not prejudicial to the interest of the company.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given

to us, in our opinion, the term loans raised during the year were prima facie been used for the purpose for which they were raised. The term loans outstanding at the beginning of the year were applied for the purpose for which they were obtained.

- (xv) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xvi) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xviii) The company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
- (xx) In our opinion and according to the information and explanations given to us, the nature of the company's business/activities during the year are such that clause;
- 4(xiii) provisions of any special statute applicable to chit fund,
- 4(xiv) dealing or trading in shares, securities, debentures and other investments
- of Company (Auditors' Report) Order, 2003 are not applicable to the company.

For **KANTILAL PATEL & CO.,**  
Chartered Accountants  
Firm Registration No. 104744W

**Mayank S. Shah**  
Partner

**Place : Ahmedabad**  
**Date : May 30, 2013**

**Membership No.: 44922**



## BALANCE SHEET AS AT 31ST MARCH, 2013

	NOTE	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>I EQUITY AND LIABILITIES</b>			
(1) <b>Shareholders' Funds:</b>			
(a) Share Capital	3	718.78	718.78
(b) Reserves & Surplus	4	10791.67	10370.72
<b>Sub Total</b>		<b>11510.45</b>	<b>11089.50</b>
(2) <b>Deferred Government Grant</b>		22.38	25.58
(3) <b>Non-Current liabilities</b>			
(a) Long Term borrowings	5	7560.95	8347.55
(b) Deferred tax liabilities(Net)	6	1290.62	1094.41
(c) Long term provisions	7	53.97	34.19
<b>Sub Total</b>		<b>8905.54</b>	<b>9476.15</b>
(4) <b>Current liabilities</b>			
(a) Short term borrowings	8	7369.70	4974.66
(b) Trade payables	9	3945.31	4487.99
(c) Other current liabilities	10	3430.16	2687.16
(d) Short term provisions	7	248.73	268.97
<b>Sub Total</b>		<b>14993.90</b>	<b>12418.78</b>
<b>TOTAL -&gt;</b>		<b>35432.27</b>	<b>33010.00</b>
<b>II ASSETS</b>			
(1) <b>Non-current assets</b>			
(a) Fixed Assets :	11		
i) Tangible assets		20616.85	19518.00
ii) Capital Work - In - Progress		1496.78	828.33
iii) Intangible Assets under development		134.07	0.00
<b>Sub Total</b>		<b>22247.70</b>	<b>20346.33</b>
(b) Non-current Investments	12	156.61	156.61
(c) Long-term loans and advances	13	1866.00	1179.11
(d) Other non-current assets	14	70.68	60.05
<b>Sub Total</b>		<b>24340.99</b>	<b>21742.10</b>
(2) <b>Current Assets</b>			
(a) Current Investments	15	1.07	1.48
(b) Inventories	16	8672.54	6705.18
(c) Trade receivables	17	1537.42	3340.85
(d) Cash & Bank balances	18	112.72	185.94
(e) Short term Loans & Advances	13	506.12	633.82
(f) Other Current Assets	14	261.41	400.63
<b>Sub Total</b>		<b>11091.28</b>	<b>11267.89</b>
<b>TOTAL -&gt;</b>		<b>35432.27</b>	<b>33010.00</b>
Summary of Significant Accounting Policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date  
For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

For and on behalf of the Board

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	NOTE	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
I Revenue From Operations (Gross)	19	32765.90	28580.25
Less : Excise Duty		745.31	357.79
Revenue From Operations (Net)		32020.59	28222.46
Other Income	20	813.72	288.80
Total Revenue (I)	<b>Sub Total</b>	<b>32834.31</b>	<b>28511.26</b>
II <b>Expenses :</b>			
Cost of Materials Consumed	21	18018.75	16077.99
Purchases of stock-in-Trade	22	1182.96	591.76
Changes in inventories of Finished goods and stock in trade	23	(893.85)	(498.87)
Employee Benefits expenses	24	1537.18	1342.12
Other Expenses	25	8499.16	7116.35
Total (II)	<b>Sub Total</b>	<b>28344.20</b>	<b>24629.35</b>
III Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) (I-II)		4490.11	3881.91
IV Finance Cost	26	2481.63	1989.32
Depreciation and amortization expenses		1152.03	952.39
Less : Recoupment from Revaluation reserve / Deferred Government grant	11	53.53	20.73
		1098.50	931.66
Total (IV)	<b>Sub Total</b>	<b>3580.13</b>	<b>2920.98</b>
V Profit before Exceptional & extraordinary items and tax(III-IV)		909.98	960.93
VI Exceptional Items		0.00	0.00
VII Profit before extraordinary items and tax(V-VI)		909.98	960.93
VIII Extraordinary items		0.00	0.00
IX Profit before Tax(VII-VIII)		909.98	960.93
X Tax Expenses (Refer H on Note 2.1)			
(a) Current Tax			
Current (MAT Tax)		178.06	189.73
Less : MAT Credit entitlement		(99.98)	(175.43)
		78.08	14.30
(b) Deferred Tax charge / (release)		196.20	311.71
(c) (Short) / Excess Provision of Tax / Deferred Tax of earlier years (Net)		38.28	9.68
		312.56	335.69
xi Profit for the period (IX – X)		597.42	625.24
XII Earnings per equity share (Refer Note 28.5)			
Nominal Value of Share ₹ 10 (P.Y. ₹ 10)			
Basic & Diluted			
Computed on the basis of total profit for the year		8.31	8.70
Summary of Significant Accounting Policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

For and on behalf of the Board

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : May 30, 2013



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	For the year ended 31.03.2013 (₹ in Lacs)	For the year ended 31.03.2012 (₹ in Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and Exceptional Items from continuing operations	909.98	960.93
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1152.03	952.39
Withdrawn From Revaluation Reserve /	(53.53)	(20.73)
Deferred Government Grant		
Loss / (Profit) on sale of Assets	(6.16)	(12.14)
Loss / (Profit) on sales of Investments	(1.73)	0.00
Loss / (Profit) on Partnership Firms (Net)	(19.14)	(13.74)
Provision for Doubtful Advances	4.49	0.00
Upfront Interest on restructuring of Loan	10.27	10.86
Diminution in value of Current Investments	0.41	0.28
Excess Provision written back	(48.82)	(11.08)
Dividend	(0.24)	(0.24)
Interest expenses	2481.63	1989.32
Interest Income	(439.67)	(197.96)
Operating Profit before working capital changes	3989.51	3657.89
Movements in working capital :		
Increase / (decrease) in trade payables	(542.68)	2728.75
Increase / (decrease) in long term provisions	19.79	22.27
Increase / (decrease) in short term provisions	13.97	(8.37)
Increase / (decrease) in other current liabilities	775.32	744.08
Decrease / (increase) in trade receivable	1803.43	(953.26)
Decrease / (increase) in inventories	(1967.36)	(1116.32)
Decrease / (increase) in long term loans and advances	(574.47)	737.35
Decrease / (increase) in short term loans and advances	80.24	(187.00)
Decrease / (increase) in other current assets	63.54	(124.44)
Cash Generated from / (used in) Operations	3661.30	5500.95
Direct taxes paid (net of refunds)	(244.69)	(154.85)
Cash flow before extraordinary items	3416.61	5346.10
Net Prior Year Expenses	0.00	0.00
Net Cash from / (used in) Operating Activities	3416.61	5346.10
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans given (Net)	42.95	(27.63)
Purchase of fixed assets	(3002.36)	(3464.14)
Sale of fixed assets	14.15	12.36
Purchase of Current Investments	49.59	(0.22)
Proceeds from Sale / maturity of Investments	(48.27)	0.00
Investments in bank deposits (having original maturity of more than three months)	75.44	(111.91)
Interest received	512.41	221.12
Dividend received	0.24	0.24
Net Cash flow from / (used in) Investing Activities	(2355.83)	(3370.18)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings (Net)	(786.59)	2050.81
Proceeds / (Repayment) of Short Term borrowings (Net)	2395.04	(1889.03)
Interest paid	(2525.70)	(2048.12)
Dividends paid on equity shares	(105.83)	(105.00)
Tax on equity dividend paid	(17.49)	(17.49)
Net Cash used in Financing Activities	(1040.57)	(2008.83)
Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)	20.20	(32.92)
Op. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ` 0.07 lacs (P.Y. ` 2.06 lacs))	77.56	110.48
Cl. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ` 0.07 Lacs (P.Y. ` 0.07 lacs))	97.75	77.56
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Cash and Cheques on hand	23.10	21.27
Balance With Banks		
On Current Accounts	55.21	41.10
On Fixed / Margin Money Deposit Accounts	19.44	15.19
	<u>97.75</u>	<u>77.56</u>

**Notes :**

- The above Cash Flow has been prepared under Indirect Method set out in AS 3, issued by Companies (Accounting Standard) Rules, 2006.
- Figures in brackets represents outflow.
- Previous Year figures have been restated wherever necessary to make them comparable with current year figures.

This is the Cash Flow Statement referred to in our report of even date  
For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

For and on behalf of the Board

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922  
Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013





## NOTES TO BALANCE SHEET & STATEMENT OF PROFIT & LOSS

### NOTE : 1

#### Corporate Information:

The Company is engaged in the business of manufacturing Ice-cream, Flavored Milk, Frozen Dessert and processing and exporting Processed Food Products, such as Frozen Fruits, Vegetable, Canned Pulp, Ready-to-eat and Ready-to-serve products etc.

The Company is having two ice-cream production facilities – one in Gujarat and the other in Uttar Pradesh and sales its products in India except states of Maharashtra, Karnataka, Andhra Pradesh, Kerala and Goa.

The company is processing Frozen Fruits, Vegetables and Processed Foods at factory situated at Dharampur, Dist.Valsad, Gujarat. The Company is exporting to various Countries.

The company is having RBI license under AD.II category and engaged in Money changing business.

### Note :2

#### A) BASIS OF PREPARATION:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain fixed assets which are carried at revalued amount.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### NOTE : 2.1

#### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

##### A) USE OF ESTIMATES :

Preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual result and estimates, are recognised in the period in which the results are known / materialised.

##### B) FIXED ASSETS, DEPRECIATION AND EXPENDITURE DURING CONSTRUCTION PERIOD :

###### i) TANGIBLE ASSET:

Fixed assets are stated at cost of acquisition & installation, net of cenvat and VAT credits availed, if any, and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. Borrowing costs incurred during the period of construction/ acquisition of assets are added to the cost of Fixed Assets. Major expenses on modification /alterations increasing efficiency/capacity of the plant are also capitalised. Exchange differences arising out of fluctuations in exchange rate on settlement/period end in long term foreign currency monetary liabilities used for acquisition of fixed assets are adjusted to the cost of the fixed assets and depreciated over the remaining useful life of the asset.

Critical spares are capitalised as a part of Fixed Assets, Depreciation on the same is provided over useful life of Fixed Assets.

###### INTANGIBLE ASSET:

Intangible assets are carried at cost less accumulated amortisation and impairment if any.

ii) a) The Company has revalued Free hold Land, Building and Plant & Machineries of Ice Cream Plant, Ahmadabad and Agri. Foods plant, Dharampur as on 31st March 2000, and further freehold and leasehold land and building situated at Ahmadabad, Pundhra, Bareilly and Dharampur has been revalued as on 31st March, 2012 based on report issued by external valuer, using replacement basis policy.

b) The increase in gross block due to revaluation of assets of ₹ 6956.53 Lacs (Previous Year ₹ 6956.53 Lacs) since inception is transferred to revaluation reserve account. Outstanding balance of revaluation reserve account as on 31st March, 2013 is ₹ 6300.77 Lacs (Previous Year ₹ 6351.10 Lacs). Consequent to the said revaluation there is an additional charge of depreciation of ₹ 50.33 Lacs (Previous Year ₹ 17.54 Lacs) and an equivalent amount has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account. This has no impact on profit for the year.

iii) a) Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956, ( as amended ).



- b) On revalued assets, depreciation is provided on the estimate of the remaining useful life of such assets.
- c) Premium paid for lease hold land is amortised over the residuary lease period.
- d) In respect of major alterations/modifications forming an integral part of existing assets, depreciation is provided at the rate arrived on the basis of useful life of such assets after such alterations/ modifications or at the rate prescribed under schedule XIV, whichever is higher on the total value of such assets.
- e) Software is amortized on straight line basis over a period of 5 years

**iv) IMPAIRMENT OF ASSETS :**

The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of fixed assets exceeds its recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

**C) INVESTMENTS :**

Investments are classified into current and Non Current investments. Current investments are such which is held primarily for the purpose of being traded. Non Current investments are carried at cost. A provision for diminution in value of Non Current investments is made for each investment individually, if such decline is other than temporary. Current investments are stated at the lower of cost and fair value, computed category wise.

**D) INVENTORIES :**

Inventories are valued as under:

- i) RAW MATERIALS, PACKING MATERIALS AND STORES & SPARES. Valued at lower of cost or net realisable value and for this purpose cost is determined on weighted average basis. Due provision for obsolescence is made.
- ii) FINISHED GOODS At cost or net realisable value, whichever is lower. Cost is determined on absorption basis. Due provision for obsolescence is made.

**E) REVENUE RECOGNITION :**

- i) REVENUE FROM OPERATION:
  - a) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. Revenue from sale of goods is recognised on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.
  - b) Sales is inclusive of Excise and net of Trade discount and VAT/CST.
- ii) DIVIDEND INCOME :

Dividend income from Investment is accounted for when the right to receive is established.
- iii) INTEREST INCOME :

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

**F) EMPLOYEE BENEFITS :**

**a) Short Term Employee Benefits :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-Gratia are recognised in the period in which the employee renders the related service.

**b) Post-Employment Benefits :**

- (i) Defined Contribution Plans:

State Governed provident fund scheme and employees state insurance scheme are defined contribution Plans. The contribution paid / payable under the schemes is recognised during the period in which the employees renders the related services.
- (ii) Defined Benefit Plans :

The employee's gratuity fund scheme and compensated absences is company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected Unit Credit Method, Which recognises each period of service as giving rise to additional

unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the profit and loss account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligations under the defined benefit plans, to recognise the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefits plans are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

**c) Long term employee benefits :**

The obligation for long term employee benefits such as long term compensated absences, is recognised in the same manner as in case of defined benefit plans as mentioned in b) ii) above.

**G) BORROWING COSTS :**

- i) Borrowing costs whether specific or general, utilized for acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets till the activities necessary for its intended use are complete. General borrowing costs are capitalised at the weighted average of such borrowings outstanding during the year. All other borrowing costs are charged in statement of profit & loss of the year in which incurred.
- ii) Ancillary cost incurred in connection with term loan borrowings is amortised over the period of term loan.
- iii) Upfront interest paid on restructuring of term loans is amortised over the tenure of such loans.

**H) TAXES ON INCOME :**

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty that sufficient future taxable income will be available against which such assets can be realised. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to reassess realisation.
- b) MAT Credit Entitlement  
MAT credit is recognised as an asset only when there is convincing evidence that the company will pay normal income tax within the specified period. The asset shall be reviewed at each balance sheet date.

**I) FOREIGN CURRENCY TRANSACTIONS :**

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currency at the year end are translated at the exchange rates prevailing at the balance sheet date.
- iii) Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006 arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the remaining useful life of the asset, and in other cases are accumulated in a "Foreign currency Monetary item Translation Difference Account" in the company's financial statements and amortised Account" in the company's financial statements and amortised over the balance period of such long term asset/liability but not beyond accounting period ending on or before 31st March, 2020.
- iv) Premium or discount arising at the inception of the forward exchange contract is amortised as income or expense over the period of the contract. Any profit or loss arising in renewal or cancellation of forward exchange contracts is recognised as income or expense during the year.
- v) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.
- vi) Losses in respect of all outstanding derivative contracts at the balance sheet date is provided by marking them to market.



**J) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :**

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Contingent Liabilities are disclosed by way of notes to financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**K) CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE :**

All contingencies and events occurring after the balance sheet date which have a material effect on the financial position of the company are considered for preparing the financial statements.

**L) ACCOUNTING FOR GOVERNMENT GRANTS :**

- i) Government grants in the form of promoters contribution is treated as capital receipt and credited to capital reserve.
- ii) Grant in the form of revenue subsidy is treated as revenue receipt and credited to "Other Income " in profit and loss account. However, from 2007-08, specific grants (e.g.Transport subsidy from APEDA)is deducted from the freight expenses.
- iii) Grant towards specific fixed assets was presented as deduction from its gross value up to 31.03.2005 and there after the same is presented by credit to Deferred Government grant and amortised over the period of useful life of specific fixed assets.

**M) RESEARCH AND DEVELOPMENT EXPENSES :**

Expenditure relating to capital items is debited to Fixed Assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the period in which they are incurred.

**N) SEGMENT REPORTING :**

- i) Identification of Segments:- The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.
- ii) Inter Segment transfer:- The company generally accounts for inter segment sales and transfer at cost plus appropriate margins.
- iii) Allocation of Common Cost:- Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.
- iv) Unallocated items:- Unallocated items include general corporate income and expense items which are not allocated to any business segment.
- v) Segment accounting policies:- The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**O) EARNING PER SHARE :**

Basic Earning Per Share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**P) CASH AND CASH EQUIVALENTS :**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**Q) CASH FLOW STATEMENT :**

Cash flow statement is prepared using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing of the company are segregated based on the available informations.

**R) DISCLOSURE OF EBITDA :**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act 1956, the Company has elected to present earning before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.



	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE - 3</b>		
<b>SHARE CAPITAL</b>		
<b>Share capital</b>		
Authorized shares	1500.00	1500.00
1,50,00,000 (31 March 2012: 1,50,00,000) equity shares of Rs. 10/- each		
	1500.00	1500.00
<b>Issued, subscribed and fully paid-up shares</b>		
<b>Issued and Subscribed :</b>		
71,88,230 (31 March 2012: 71,88,230) equity shares of Rs. 10/- each	718.82	718.82
<b>Total issued and subscribed share capital</b>	718.82	718.82
<b>Paid up :</b>		
71,87,830 (31 March 2012: 71,87,830) equity shares of Rs. 10/- each	718.78	718.78
Total paid-up share capital		
<b>Total</b>	718.78	718.78

**a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31st March, 2013		31st March, 2012	
	Nos	₹ in Lacs	Nos	₹ in Lacs
<b>Equity shares</b>				
<b>At the beginning of the period</b>	7187830	718.78	7187830	718.78
<b>Outstanding at the end of the period</b>	7187830	718.78	7187830	718.78

**b Terms / rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

During the year ended 31 March 2013, the amount of per share dividend recognized as distribution to equity shareholders is ₹ 1.50 (31 March 2012 : ₹ 1.50).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c Shares held by holding/ultimate holding company and/or their subsidiaries / associates**

The Company does not have any holding company.

**d Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

Nil

**e Details of shareholders holding more than 5% shares in the company**

	31st March, 2013		31st March, 2012	
	Nos	%holding in the class	Nos	%holding in the class
Vadilal International Pvt. Ltd.	2809704	39.09%	2809704	39.09%
Acacia Institutional Partners, LP	0	0.00%	419035	5.83%

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 4</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Closing Balance	8.84	8.84
<b>Securities Premium Account</b>		
Closing Balance	487.27	487.27
<b>Revaluation Reserve</b>		
(Refer B (ii) on Note No. 2.1)		
Balance as per last Financial Statements	6351.10	81.93
Add : Additions during the year	0.00	6286.71
	6351.10	6368.64
Less : Amount transferred to the statement of profit and loss as reduction from depreciation	50.33	17.54
Closing Balance	6300.77	6351.10
<b>General Reserve</b>		
Balance as per last Financial Statements	3200.00	2700.00
Add : Amount transferred from surplus balance in the statement of profit and loss	300.00	500.00
	3500.00	3200.00
<b>Surplus in the statement of profit and loss</b>		
Balance as per last Financial Statements	323.51	323.58
Profit for the year	597.42	625.24
Less : Appropriations		
(a) Proposed final equity dividend (amount per share ₹ 1.50. P.Y. amount per share ₹ 1.50))	107.82	107.82
(b) Tax on proposed equity dividend	18.32	17.49
(c) Transferred to General reserve	300.00	500.00
Total Appropriations	426.14	625.31
Net Surplus in the statement of profit and loss	494.79	323.51
Total Reserves and Surplus	10791.67	10370.72

	Non – Current As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	Current As At 31.03.2013 (₹ in Lacs)	Maturities As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 5</b>				
<b>LONG TERM BORROWINGS</b>				
<b>Term Loans</b>				
From Banks (Secured)	6219.67	5222.10	1579.84	893.93
From Financial Institutions (Secured)	615.63	903.13	287.50	287.50
From Others (Unsecured)	71.94	74.69	95.37	69.97
	6907.24	6199.92	1962.71	1251.40
<b>Deposits (Unsecured)</b>				
Fixed Deposits	653.71	547.63	311.39	187.60
Deposits from Related Parties (Refer Note 28.3)	0.00	1600.00	-	-
	653.71	2147.63	311.39	187.60
	7560.95	8347.55	2274.10	1439.00

	Non – Current As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	Current As At 31.03.2013 (₹ in Lacs)	Maturities As At 31.03.2012 (₹ in Lacs)
The above amount includes :				
Secured borrowings	6907.25	6199.92	1962.71	1251.40
Unsecured borrowings	653.71	2147.63	311.39	187.60
Less : Amount disclosed under the head “Other current Liabilities” Note – 10			(1962.71)	(1251.40)
Less : Amount disclosed under the head “Other current Liabilities” Note – 10			(311.39)	(187.60)
Net Amount	7560.96	8347.55	0.00	0.00

#### Repayment Schedule of Loans

	Sanctioned / Disbursed Amount	As at 31.03.2013	As at 31.03.2012	Rate of Interest	No of installment installment	Amount
Term Loans						
From Banks						
IDBI Bank	600.00	0.00	46.37			
IDBI Bank (Expansion Loan)	800.00	314.31	428.59	14.75%	10 Quarterly	28.57
					1 Quarterly	28.61
BOB	1000.00	750.00	950.00	14.00%	45 Monthly	16.67
BOB	1400.00	1400.00	1400.00	14.00%	60 Monthly	23.33
SBT	1000.00	933.00	1000.00	13.75%	55 Monthly	16.75
					1 Monthly	11.75
SBT	1000.00	933.00	1018.19	13.75%	55 Monthly	16.75
					1 Monthly	11.75
SBI (old loan)	775.00	269.28	387.55	13.20%	24 Monthly	10.76
					1 Monthly	11.04
SBI (Project)	1000.00	615.90	809.31	13.75%	36 Monthly	16.70
					1 Monthly	14.70
SBI (Project)	900.00	900.00	0.00	13.35%	24 Quarterly	37.50
SBI (Project)	2100.00	1558.53	0.00	12.95%	39 Monthly	10.00
					22 Monthly	52.00
					1 Monthly	24.53
Vehicle Loans						
BOB		13.78	20.07	—	20 Monthly EMI's	—
HDFC		111.71	55.25	—	From 27 to 54 Monthly EMI's	—
ICICI		0.00	0.71	—	—	—
From Financial Institutions						
Exim	1000.00	750.00	950.00	13.75%	15 Quarterly	50.00
Exim	525.00	153.13	240.62	12.80%	7 Quarterly	21.87
Others – IBM India	97.42	92.63	0.00	12.50%	16 Monthly EMI's of Rs 7.83 Lacs *	
- Magma Finance	150.00	74.69	144.66	16.01%	11 Monthly EMI's of Rs 7.35 Lacs *	
Total		8869.96	7451.32			
Fixed deposits		965.10	735.23	10.25 % to 11.00%	12 months to 36 months based on period of deposit	

\* includes Interest portion

A 1) Existing Term loans from IDBI, SBI and Exim aggregating to ₹ 21.00 Crores, New Term loan from BOB, SBI and Exim Bank aggregating to ₹ 30 crores and further term loan from BOB And SBT ₹ 34.00 Crores and Additional Term loan of ₹ 9 crores from SBI are secured by English Mortgage on Immovable properties and hypothecation on movable properties of the company situated at the following places by way of 1<sup>st</sup> and 2<sup>nd</sup> charge on pari – passu basis :

- Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge) (Owned property)
- Dharampur, Dist.: Valsad (Canning Unit) (1st Charge) (Owned property)





- iii Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
  - iv Village Pundhra, Tal : Kalol, Dist. :Gandhinagar (Icecream Plant) (1st Charge) (Owned property)
  - v Unit - I, Parsakhera Industrial Estate,Bareilly, U.P.(Icecream Plant (1st Charge) (Leased property)
  - vi Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (2nd charge) (Owned property)
  - vii Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2nd Charge) (Owned property)
  - viii Dharampur, Dist. : Valsad (New Land) (1st Charge) (Owned property)
  - ix Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 1st Charge) (Excluding specific plant & machineries)
  - x Gomitpur, Ahmedabad (earlier in Gujarat Cup Company, a Partnershi Firm) (Only on movable properties as 1st Charge)
  - xi Gomitpur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 1st Charge)
- 2) New Term Loans aggregating to Rs. 30 crores from BOB, SBI and Exim bank and further term loan aggregating to ₹ 34 crores from BOB and SBT and additional term loan of Rs. 9 crores from SBI as above are also secured by way mortgage and hypothecation on immovable and movable properties of the Company situated at bareilly, parsakhera Industrial Area,U.P. (New Land F-12) (Leased property)
  - 3) Additional Term Loan of Rs. 21 crores from SBI is secured by hypothecation on movable properties of the company as mentioned in Point No. (1) and (2) abobe by way of 1<sup>st</sup>/2<sup>nd</sup> pari-passu charge.
  - 4) The above Term Loans are also secured by way of Hypothecation on entire current assets of the Company on 2nd pari-passu charge basis
  - 5) The Old Term Loan of Rs 6 Crores from IDBI Bank Ltd. are also secured by mortgage and hypothecation on immovable immovable and movable properties of the Company situated at the following places by way of 1st charge on pari passu basis and also hypothecation on specific plant and machineries situated at IQF unit, Dharampur and Bareilly Unit – II by way of 1<sup>st</sup> charge :-
    - i Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge) (Owned property)
    - ii Dharampur, Dist.: Valsad (Canning Unit) (1st Charge) (Owned property)
    - iii Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
    - iv Village Pundhra, Tal : Kalol, Dist. :Gandhinagar (Icecream Plant) (1st Charge) (Owned property)
    - v Unit - I, Parsakhera Industrial Estate,Bareilly, U.P.(Icecream Plant (1st Charge) (Leased property)
    - vi Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 1st Charge) (Excluding specific plant & machineries)
    - vii Gomitpur, Ahmedabad (earlier in Gujarat Cup Company, a Partnershi Firm) (Only on movable properties as 1st Charge)
    - viii Gomitpur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 1st Charge)
  - 6) Loans for Vehicles are secured by hypothecation of vehicles
  - B The Term Loans are also secured by personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 6</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability		
Fixed assets : Impact of difference between tax Depreciation and depreciation / amortisation charged for the financial reporting	1352.30	1173.15
Others	12.77	16.10
	<u>1365.07</u>	<u>1189.25</u>
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	60.21	34.34
Others	14.25	60.50
	<u>74.46</u>	<u>94.83</u>
Deferred Tax Liability (Net)	<u><b>1290.62</b></u>	<u><b>1094.41</b></u>



	Long term		Short term	
	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 7</b>				
<b>PROVISIONS</b>				
<b>Employee Benefits :</b>				
Gratuity (Refer Note 28.1)	53.97	32.27	42.68	37.05
Compensated absences	0.00	1.92	55.10	46.76
<b>Others :</b>				
Income Tax Less Advance Tax (Current Tax)	-	-	8.16	43.20
Proposed Equity Dividend	-	-	107.82	107.82
Provision for Tax on Proposed Equity Dividend	-	-	18.32	17.49
Other Provisions (Refer Note 28.6)	-	-	16.65	16.65
	<u>53.97</u>	<u>34.19</u>	<u>248.73</u>	<u>268.97</u>

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>Note – 8</b>		
<b>SHORT TERM BORROWINGS</b>		
Loans Repayable on Demand :		
From Banks		
Working Capital Loans (Secured)	5056.55	3642.77
	<u>5056.55</u>	<u>3642.77</u>
Deposits (Unsecured)		
Public Fixed Deposits	621.86	635.28
Inter Corporate deposits	475.00	260.00
Deposits from Related Parties (Refer Note 28.3)	1216.29	436.61
	<u>2313.15</u>	<u>1331.89</u>
	<u>7369.70</u>	<u>4974.66</u>
The above amount includes :		
Secured borrowings	5056.55	3642.77
Unsecured borrowings	2313.15	1331.89
	<u>7369.70</u>	<u>4974.66</u>

A 1) Working Capital facilities from consortium banks namely BOB, SBI, SBT, IDBI Ltd and Exim Bank aggregating to Rs. 65.28 crores (enhanced from Rs. 45.25 crores after repayment of Rs. 4 crores to SIB) are secured by way of English mortgage on Immovable properties and hypothecation on movable properties of the company situated at the following places by way of 1<sup>st</sup> & 2<sup>nd</sup> Charge on pari-passu basis :-

- Dudheshwar, Ahmedabad (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
- Dharampur, Dist. : Valsad (Canning Unit) (2<sup>nd</sup> Charge) (Owned property)
- Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2<sup>nd</sup> Charge) (Owned property)
- Village Pundhra, Taluka Kalol, Dist. : Gandhinagar (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
- Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (2<sup>nd</sup> Charge) (Leased property)
- Dharampur, Dist. : Valsad (IQF Unit - excluding specific plant & machineries) (1<sup>st</sup> charge) (Owned property)
- Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
- 4 Flats No. 801 to 804, Maruti Centre, Gurukul, Drive-in Road, Ahmedabad (Flats) (1st Charge) (Owned property)
- Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 2nd Charge) (Excluding specific plant & machineries)



- x Gomitpur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 2nd Charge)
  - xi Gomitpur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 2nd Charge)
  - XII Dharampur, Dist : Valsad (New land) (2<sup>nd</sup> charge) (Owned property)
  - XIII Bareilly, Parsakhara Industrial area, U.P. (New land – F-12) (2<sup>nd</sup> Charge) (Leased property)
- 2) The Working Capital facilities are also secured by way of hypothecation on entire current assets of the Company on 1st pari-passu charge basis.
- B Working Capital facilities are also secured by Personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies
- C The cash credit and working capital demand loan is repayable on demand and carries interest @ 13.50 % to 15.75 %
- D Loans and Advances from Related Parties are repayable on demand and carry interest @ 10.50 %
- E inter corporate deposits are repayable between 60 days to 90 days and carry Interest @ 13.00 % to 15.50 %
- F Fixed deposits are repayable from 12 months to 36 months based on the period of deposit and carry interest @10.25 % to 11.00 %

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 9</b>		
<b>TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises (Refer Note 27.8)	6.89	0.00
Others	3938.42	4487.99
	<u>3945.31</u>	<u>4487.99</u>
<b>NOTE – 10</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term borrowings (Refer Note 5)		
From Banks	1579.84	893.93
From Financial Institutions	287.50	287.50
From Others	95.37	69.97
Public Fixed Deposits (Refer Note 5)	311.39	187.60
Interest Accrued but not due on borrowings	108.93	89.16
Interest Accrued and due on borrowings	86.12	90.87
Unpaid Dividends *	16.56	14.57
Unpaid Matured deposits and Interest accrued thereon * #	38.89	33.24
Payable for Capital Goods	280.42	459.87
Other Liabilities		
Statutory dues payable	303.19	305.96
Advance from Customers	26.82	71.00
Security Deposits from Customers	212.86	111.35
Others	82.27	72.13
	<u>3430.16</u>	<u>2687.16</u>
* Does not include any amounts outstanding as on 31.03.2013 which are required to be credited to Investor Education and Protection Fund		
# These figures includes Rs. 0.15 (P.Y. Rs 0.15) due and outstanding as on date 31.03.2013, which is held in abeyance due to legal case pending		

**NOTE – 11**
**FIXED ASSETS (Refer D on Note 2.1)**
**(₹ in Lacs)**

Particulars	Land Freehold	Land Leasehold	Building	Plant & Furniture & Machinery	Office Fixtures Equipments	Vehicles	Total
<b>I Tangible Assets</b>							
<b>A Cost or Valuation -</b>							
<b>At 31st March, 2012</b>	4378.67	1285.25	6816.95	14461.91	148.43	390.99	27689.56
Additions	0.00	0.00	479.99	1502.80	10.02	140.74	2258.93
Disposals	0.00	0.00	5.72	43.93	0.00	0.15	57.56
<b>At 31st March, 2013</b>	4378.67	1285.25	7291.21	15920.79	158.45	531.58	29890.94
<b>B Depreciation -</b>							
<b>At 31st March, 2012</b>	0.00	5.37	2568.96	5083.54	111.16	278.56	8171.63
Additions	0.00	3.59	145.68	952.52	3.11	25.38	1152.03
Disposals	0.00	0.00	1.02	40.76	0.00	0.03	49.57
<b>At 31st March, 2013</b>	0.00	8.97	2713.63	5995.31	114.27	303.91	9274.09
<b>C Net Block</b>							
<b>At 31st March, 2013</b>	4378.67	1276.28	4577.59	9925.48	44.17	227.67	20616.85
<b>At 31st March, 2012</b>	4378.67	1279.88	4247.99	9378.37	37.28	112.44	19518.00
<b>II Capital Work In Progress</b>							
<b>At 31st March, 2012</b>		828.33					
Additions		1496.78					
Deductions		828.33					
<b>At 31st March, 2013</b>		1496.78					
<b>III Intangible Assets under development</b>							
<b>At 31st March, 2012</b>		0.00					
Additions		134.07					
Disposals		0.00					
<b>At 31st March, 2013</b>		134.07					

**Notes**

- I Land & Building includes ₹ 29.94 lacs (P.Y. ₹ 29.94 lacs ) & ₹ 151.61 lacs (P.Y. ₹ 151.61 lacs) respectively in process of being transferred in the name of the company.
- II a Building includes House Building of ₹ 12.90 lacs (Gross) (P.Y. ₹ 12.90 lacs) acquired against loan which is yet to be transferred in the name of the company.
- b The Value of Building acquired against loan includes cost of documentation charges.
- III Borrowing cost capitalised during the year ₹ 59.09 lacs (P.Y. ₹ 107.11 lacs) and shown in additions to fixed Assets ₹ 12.58 Lacs (P.Y. ₹ 107.11 Lacs), in additions to Capital work in progress ₹ 38.60 (P.Y. ₹ Nil) and in Intangible Assets under development ₹ 7.91 Lacs (P.Y. ₹ Nil)
- IV Capital Work in progress includes -  
₹ 1427.90 Lacs (P.Y. ₹ 828.33 Lacs) on account of Construction materials and Plant & machinery under installation at site ₹ 68.88 Lacs (P.Y. ₹ Nil) on account of expenses incurred during Construction period as under :

	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
Opening Balance	0.00	76.34
Add :		
Expenses Incurred towards acquisition of Fixed assets (Refer Note 27.4)	30.28	59.39
Interest Capitalised ((Refer Note 27.4)	51.18	107.11
Less :		
Capitalised during the year	81.46	166.50
	12.58	242.84
Closing Balance (included in capital work in progress)	68.88	0.00



	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 12</b>		
<b>NON-CURRENT INVESTMENTS (LONG TERM)</b>		
(Refer C on Note 2.1)		
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in Subsidiary</b>		
250 (P.Y. 250) equity shares of US \$ 100 each fully paid up In Vadilal Industries (Inc) USA (Refer Note No. 27.6)	11.74	11.74
<b>Others</b>		
72500 (P.Y. 72500) equity shares of ₹ 10 each fully paid up In Vadilal Forex and Consultancy services Ltd (At cost less provision for other than temporary diminution ₹ 6.53 Lacs (P.Y. ₹ 6.53 Lacs)	0.72	0.72
<b>Investment in Partnership Firm</b>		
(Refer details below)		
Vadilal Cold Storage	140.00	140.00
<b>Non trade Investments (valued at cost unless stated otherwise)</b>		
<b>Government and Trust Securities</b>		
<b>Unquoted</b>		
7 Year National Saving Certificates (Lodged with Govt. Authorities)	0.28	0.28
<b>Other Investments</b>		
<b>Equity Instruments</b>		
<b>Unquoted</b>		
74100 (P.Y. 74100) equity shares of ₹ 10 each fully paid u In Majestic Farm House Ltd.	1.87	1.87
280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Padm Complex Pvt. Ltd.	0.03	0.03
280 (P.Y. 280I) equity shares of ₹ 10 each fully paid up In Volute Construction Pvt Ltd.	0.03	0.03
4195 (P.Y. 4195) equity shares of Rs 25 each fully paid In Textile Traders Coop Bank Ltd	1.05	1.05
3540 (P.Y. 3540) equity shares of Rs 25 each fully paid In Siddhi Coop Bank Ltd	0.89	0.89
	156.61	156.61
Aggregate amount of unquoted investments	156.61	156.61
<b>Details of Investment in Partnership Firm -</b>		
<b>Investment in Vadilal Cold Storage</b>		
<b>Name of the partner and share in profits (%)</b>		
M/S Vadilal Industries Limited	98%	98%
M/S Vadilal Chemicals Limited	2%	2%
Total Capital of the Firm (₹)	142.90	142.90

	Non – Current		Current	
	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 13</b>				
<b>LOANS AND ADVANCES</b>				
Unsecured, Considered good unless otherwise stated				
Capital Advances	383.77	67.82	0.00	0.00
Loans and Advances to related parties (Refer Note 28.3)	311.68	282.78	0.00	0.00
Advances recoverable in cash or in kind or for value to be received (Refer Note 28.3)				
Considered Good	0.00	0.00	436.35	411.21
Considered Doubtful	0.00	0.00	13.99	9.50
Less : Provided for :	0.00	0.00	13.99	9.50
	0.00	0.00	0.00	0.00
	0.00	0.00	436.35	411.21
Other Loans and Advances				
Loans to employees	0.44	0.80	6.86	8.74
Prepaid Expenses	0.90	0.42	62.91	12.73
Deposits with Government Authorities	58.38	43.16	0	158.18
Advance Income Tax less Provisions	40.63	47.32	0.00	0.00
MAT Credit entitlement	403.41	303.43	0.00	0.00
Other Trade / Security Deposits (Refer Note 28.3)	666.79	433.38	0.00	0.00
Loans in Current Account	0.00	0.00	0.00	42.96
	1170.55	828.51	69.77	222.61
	1866.00	1179.11	506.12	633.82
Loans and Advances to related parties include -				
Loan to Subsidiary	125.58	115.92	0.00	0.00
Balance with Firm in which company is a partner	186.00	166.86	0.00	0.00
Others	0.11	0.00	0.00	0.00
	311.68	282.78	0.00	0.00
<b>NOTE – 14</b>				
<b>Other Assets</b>				
Unsecured, Considered good unless otherwise stated				
Deposits with original maturity of more than 12 months (Refer Note 18)	49.09	31.12	0.00	0.00
Unamortised Borrowing cost (Refer G (ii) & (iii) on Note 2.1))	21.59	28.93	11.65	10.27
Interest Receivable [Refer Note No. 27.3 (B)]	0.00	0.00	99.70	172.43
Export Benefits Receivable [Refer Note No. 27.3 (A)]	0.00	0.00	83.68	144.38
Apeda Receivable	0.00	0.00	66.38	73.54
	70.68	60.05	261.41	400.63



	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 15</b>		
<b>CURRENT INVESTMENTS (Valued at lower of cost and fair value)</b>		
(Refer C on Note 2.1)		
Quoted Equity Instruments		
400 (P.Y. 400) equity shares of Rs 10 each fully paid-up In Aminex Chemicals Ltd.	0.04	0.04
15 (P.Y. 15) equity shares of Rs 10 each fully paid-up In Century Enka Ltd	0.06	0.06
60 (P.Y. 60) equity shares of Rs 10 each fully paid-up In Essar Steel Ltd.	0.01	0.01
200 (P.Y. 200) equity shares of Rs 10 each fully paid-up In Golden Agro Tech Industries Ltd	0.02	0.02
100 (P.Y. 100) equity shares of Rs 10 each fully paid-up In Great Eastern Shipping Co.Ltd	0.04	0.04
25 (P.Y. 25) equity shares of Rs 10 each fully paid-up in Great Offshore Ltd	0.01	0.01
25000 (P.Y. 25000) equity shares of Rs 1 each fully paid-up In Interface Financial Services Ltd	2.00	2.00
120 (P.Y. 120) equity shares of Rs 2 each fully paid-up In Matrix Laboratories Ltd	0.64	0.64
49000 (P.Y. 49000) equity shares of Rs 1 each fully paid-up In Radhe Developers Ltd	0.49	0.49
2500 (P.Y. 2500) equity shares of Rs 10 each fully paid-up In Saket Projects Ltd	0.25	0.25
900000 (P.Y. 900000) equity shares of Rs 1 each fully paid-up In Sanara Media Ltd.	1.24	1.24
	4.80	4.80
Less : Diminution in value of Investments	3.73	3.32
Total (II)	1.07	1.48
Aggregate amount of quoted investments (Market value ₹ 1.26 Lacs (P.Y. ₹ 1.71 Lacs))	4.80	4.80
Aggregate provision for diminution in value of Investments	3.73	3.32
<b>NOTE – 16</b>		
<b>INVENTORIES</b>		
(Refer D on Note No. 2.1)		
Stores & Spares	369.04	336.66
Raw Materials (Includes Goods in Transit ₹ 2.52 Lacs P.Y. ₹ 5.86 Lacs))	2523.81	1992.19
Packing Materials (Includes Goods in Transit ₹ 2.83 Lacs P.Y. ₹ 0.21 Lacs))	1444.92	935.40
Finished Goods (Includes Goods in Transit ₹ 175.41 Lacs P.Y. ₹ 125.21 Lacs))	4334.77	3440.93
	8672.54	6705.18

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 17</b>		
<b>TRADE RECEIVABLES</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	99.92	16.10
Considered Doubtful	0.37	0.37
Less : Provided for	0.37	0.37
	0.00	0.00
	99.92	16.10
Other receivables - Unsecured considered Good	1437.50	3324.75
	1537.42	3340.85
of the above debts -		
Secured Considered good	13.62	0.00
Unsecured Considered good	86.30	16.10
	99.92	16.10
<b>NOTE – 18</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with Banks		
On Current Accounts	38.65	26.52
Deposits with original maturity of less than three months	19.44	15.19
On Unpaid Dividend a/c	16.56	14.58
Cheques, Drafts on hand	0.84	3.49
Cash Balance on hand	22.26	17.78
	97.75	77.56
<b>Other Bank Balances</b>		
Deposits with original maturity for more than Three months	19.32	19.32
(Includes Security deposit with bank Rs 18.64 Lacs P. Y. Rs 18.64 Lacs)		
Margin Money deposit (against bank guarantee and L C)	44.74	120.18
	64.06	139.50
	161.81	217.06
Less : Deposits with original maturity of more than 12 months		
Amount disclosed under non – current assets (Refer Note 14)	49.09	31.12
	112.72	185.94
	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
<b>NOTE – 19</b>		
<b>REVENUE FROM OPERATIONS (GROSS)</b>		
<b>(Refer E (I) on Note 2.1)</b>		
Sale of Products (Refer Note below)		
Finished Goods	32570.65	28318.10
Sale of Services		
Income from Money Changing Business	5.37	5.89
Other Operating Revenues		
Export Licences / DEPB	107.83	166.46
Miscellaneous Sales	82.05	89.80
	32765.90	28580.25



	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
<b>Details of Products sold</b>		
Finished Goods		
Ice Cream & Frozen Desserts	27495.64	23881.81
Fruit Pulp, Frozen Fruits, Vegetables & Ready to eat / serve	5075.01	4436.29
	<u>32570.65</u>	<u>28318.10</u>
<b>Note -</b>		
The Company is engaged in the manufacturing and trading of selected Fruit Pulp, Frozen Fruits, Vegetables & Ready to eat / serve Products. Due to complexities, it is not possible to segregate the information regarding Sales, consumption and inventories of such products into Finished goods and traded goods		
<b>NOTE – 20</b>		
<b>OTHER INCOME</b>		
Interest Income (Refer Note 27.3 (b))	439.67	197.96
Dividend Income		
On Long Term Investments	0.24	0.24
Net gain on Foreign Currency Translations and Transactions	52.55	0.00
Share of Profit of Partnership Firms #	19.14	13.74
Other Income		
Profit on Sale of Fixed Assets	6.16	12.14
Profit on sales of Investments	1.73	0.00
Excess Provision written back	48.82	11.08
Miscellaneous Income	245.42	53.64
	<u>813.72</u>	<u>288.80</u>
# Amount of share of profit in partnership firm have been accounted on the basis of unaudited financial statements of the partnership firm		
<b>NOTE – 21</b>		
<b>COST OF MATERIALS CONSUMED</b>		
(Also Refer Note 27.10)		
Inventory at the beginning of the year	2927.59	2404.93
Add : Purchases	19059.89	16600.65
	<u>21987.48</u>	<u>19005.58</u>
Less : Inventory at the end of the year	3968.73	2927.59
Cost of Materials consumed	<u>18018.75</u>	<u>16077.99</u>
<b>Details of Materials consumed -</b>		
Milk and Milk Products	5100.74	4783.45
Dry Fruits, Fresh Fruits & Vegetables	3220.77	2528.19
Packing Materials	4296.27	3565.97
Others	5400.97	5200.38
	<u>18018.75</u>	<u>16077.99</u>
<b>Details of Inventory -</b>		
Milk and Milk Products	1649.73	1339.39
Dry Fruits, Fresh Fruits & Vegetables	271.44	137.91
Packing Materials	1444.92	935.40
Others	602.64	514.89
	<u>3968.73</u>	<u>2927.59</u>



	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
<b>NOTE – 22</b>		
<b>PURCHASE OF TRADED GOODS</b>		
Ready to eat / serve	155.63	86.69
Fruit Pulp,Frozen Fruits, Vegetables	1009.21	494.40
Others	18.12	10.67
	<u>1182.96</u>	<u>591.76</u>
<b>NOTE – 23</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>		
<b>Opening Stock :</b>		
Finished Goods	3440.93	2942.06
	<u>3440.93</u>	<u>2942.06</u>
<b>Closing Stock :</b>		
Finished Goods	4334.78	3440.93
	<u>4334.78</u>	<u>3440.93</u>
<b>Net Changes in Inventories</b>	<u>(893.85)</u>	<u>(498.87)</u>
<b>Details of Inventory - Finished Goods</b>		
Ice Cream & Frozen Desserts	1821.23	1740.09
Fruit Pulp,Frozen Fruits, Vegetables & Ready to eat / serve	2513.54	1700.83
	<u>4334.78</u>	<u>3440.93</u>
<b>NOTE – 24</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salary, Wages, Allowances & Bonus, etc	1318.88	1159.24
Contribution to Provident & other funds	101.74	89.96
Staff Welfare Expenses	116.56	92.92
	<u>1537.18</u>	<u>1342.12</u>
<b>NOTE – 25</b>		
<b>OTHER EXPENSES</b>		
Job Charges	1666.11	1403.40
Power & Fuel	2552.11	2209.52
Stores & Spares Consumption (Also Refer Note 27.11)	59.13	60.91
Repairs		
Building	64.22	42.52
Machinery	267.62	184.22
Excise Duty others	29.56	37.93
Rent	625.49	524.64
Rates & Taxes	22.80	20.56
Insurance	52.15	45.36
Payment to Auditors (Refer details below)	28.40	23.58
Freight, & Forwarding expenses	1660.35	1366.23
Provision for Doubtful Advances	4.49	0.00
Bad Debts	0.07	0.00
Diminution in Value of Current Investments	0.41	0.28
Net loss on Foreign Currency Translation and Transactions	0.00	61.13
Other Expenses (Including Legal & Professional, Conveyance, Telephone, Postage, Printing & Stationery, etc)	1466.25	1136.07
	<u>8499.16</u>	<u>7116.35</u>



	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
<b>Payment to Auditors</b>		
As Auditor		
Audit Fees	12.00	10.75
Tax Audit Fees	5.00	4.25
Limited Review	2.25	1.60
In Other Capacity		
Taxation matters	1.32	1.71
Other services (certification fees)	6.95	4.60
Reimbursement of expenses	0.88	0.67
	<u>28.40</u>	<u>23.58</u>
<b>NOTE – 26</b>		
<b>FINANCE COST</b>		
(Refer G on Note 2.1)		
Interest Expenses	2275.80	1759.32
Other Borrowing Cost	120.72	114.28
Amortisation of ancilliary borrowing costs	10.20	10.20
Net Loss on Foreign Currency Transactions and Translations	74.91	105.52
	<u>2481.63</u>	<u>1989.32</u>
<b>NOTE - 27 Additional Information to the Financial Statements</b>		
<b>27.1)[A] CONTINGENT LIABILITIES NOT PROVIDED FOR :</b>		
	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)
I) Guarantees given by the company against Term Loans given to companies in which Directors are interested is ₹ 1474Lacs (P.Y. ₹ 924Lacs). Outstanding against this as at 31.03.2013	782.40	620.72
II) i) For Excise -		
a) Related to a matter decided in favor of the company, against which the Excise department has preferred an appeal. Gross ₹ 18.03 Lacs (P.Y. ₹ 18.03Lacs) Net of Tax	12.18	12.18
b) Related to a matter which is disputed by the company against which appeal is preferred. Gross ₹ 0.00 Lacs (P.Y. ₹ 2.32 Lacs) Net of Tax	0.00	1.57
ii) For Income Tax -		
a) which is disputed by the company and against which company has preferred appeal, based on the demand notices raised by Income Tax Dept. and received by the company.	5.99	8.44
b) Against which Income Tax department has preferred appeal	166.65	166.65
c) In respect of erstwhile Vadilal Financial Services Limited (VFSL) Income Tax Demand ( including interest) for which the company has preferred appeal.	1.93	1.93
iii) For Sales Tax -		
Disputed by the company and against which company has preferred an appeal. Gross ₹ 87.09 Lacs ( P.Y. ₹ 83.11Lacs ) Net of Tax	58.83	56.14
iv) For other Matters -		
Gross ₹ 9.39 Lacs (P.Y. ₹ 9.39 Lacs) Net of Tax	6.34	6.34
v) In respect of other labor suits pending before various courts, liability is unascertainable.	—	—
vi) Differential amount of custom/excise duty in respect of machinery purchased under EPCG scheme.	561.51	426.33

III) Other Money for which the Company is contingently liable

i) Liability in respect of Bills Discounted with Third Party	4755.91	2561.88
ii) Liabilities in respect of Foreign Bills Purchased by Banks	71.24	101.54

- Note :
- Future cash outflows in respect of A (II) (i) to (v) above depends on ultimate settlement / conclusions with the relevant authorities.
  - Future cash outflows in respect of A (II) (vi) above depends if company is unable to fulfill export obligations of ₹ 3901.48 Lacs (P.Y. ₹ 2581.94 Lacs) within next eight to twelve years. The fulfillment of export obligation is considered on the basis of license claimed at the time of export.
  - Future cash outflows in respect of A (III) above depends if Vendors are unable to fulfill the liability.

**[B] Particulars of dues of Sales Tax, Income Tax, Excise duty and Other Matters as at March 31, 2013, which have not been deposited. [ ₹ in Lacs ]**

(I) Disputed cases, where company has preferred appeals.

Name of Statute	Nature of dues	Amount	Period of which the amount relates	Forum where dispute is pending
<b>(i) FOR SALES TAX ASST.DUES</b>				
S. Tax	Asst. dues	23.24 (23.24)	1998-99	High Court
	Asst. dues	12.49 (12.49)	2000-01	Jt. Comm., S. Tax
	Asst. dues	15.74 (15.74)	2000-01	Dy. Comm., S. Tax
	Asst. dues	1.55 (1.55)	2001-02	Dy. Comm., S. Tax
	Asst. dues	0.60 (0.60)	2002-03	S. Tax Tribunal
	Asst. dues	2.39 (2.39)	2003-04	Jt. Comm., S. Tax
	Asst. dues	0.46 (0.46)	2003-04	Jt. Comm., S. Tax
	Asst. dues	3.67 (3.67)	2004-05	S. Tax Tribunal
	Total	60.14 (60.14)		
<b>(ii) FOR EXCISE</b>				
	Cenvat credit	0.00 (2.32)	2006-07	Asst. Commissioner
	Total	0.00 (2.32)		
<b>(iii) FOR INCOME TAX</b>				
	Asst. dues	1.93 (1.93)	1996-97	High Court
	Asst. dues	3.12 (3.12)	1999-00	High Court
	Asst. dues	1.37 (1.37)	2006-07	ASSESSING OFFICER
	Asst. dues	0.00 (2.45)	2006-07	ITAT
	Asst. dues	1.50 (1.50)	2009-10	CIT-APPEALS
	Total	7.92 (10.37)		
<b>(iv) FOR Other Matters</b>				
	Asst. dues	6.55 (6.55)	01/04/98 to 31/05/11	U.P. State Pollution Control Board
	Total	6.55 (6.55)		



(II) Decided in favour of the company but the department has preferred appeals.

Name of Statute	Nature of dues	Amount	Period of which the amount relates	Forum where dispute is pending
i)	Excise Goods cleared with differential	4.58 (4.58)	1988-89	Asst.Commissioner
	Cenvat credit	4.28 (4.28)	2003-04	Asst.Commissioner
	Cenvat credit	9.17 (9.17)	2000-01	High Court, Hyderabad
	Total	18.03 (18.03)		
ii)	I.Tax I.Tax Asst.	50.46 (50.46)	1992-93	ITAT
		31.10 (31.10)	1993-94	ITAT
		7.84 (7.84)	1994-95	High Court
		14.06 (14.06)	1995-96	High Court
		16.03 (16.03)	1996-97	High Court
		0.51 (0.51)	2001-02	High Court
		5.10 (5.10)	2002-03	High Court
		41.55 (41.55)	1997-98	High Court
	Total	166.65 (166.65)		

Note: Figures in brackets relate to previous year.

27.2) **Commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31<sup>st</sup> March, 2013:

	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)
Tangible Assets	186.29	134.16
Intangible Assets	169.50	0.00
	355.79	134.16

27.3)A) For the year 2012-13, though a formal policy is not pronounced by the distribution agency i.e. APEDA, (Agricultural and Processed Food Products Export Development Authority) the company has accounted transport subsidy of ₹ 57 Lacs, based on anticipation of pronouncement of such policy considering announcements by government from time to time and such benefit being made available in past years. Such income is deducted from freight expense.

B) During the current year, the company has accounted interest subsidy for the year 2007-08 to 2011-12 of ₹ 89.79 Lacs as other income (Interest Income) on the basis of application approved by the Gujarat Agro Industrial Corporation Ltd.

27.4) **Capitalisation of Expenditure:**

During the year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	C. Year (₹ in Lacs)	P. Year (₹ in Lacs)
Employees Benefits expenses	15.12	11.74
Legal & Professional Exps.	0.00	31.15
Travelling expenses	0.00	6.88
Electricity expenses (Extension of KVA)	0.00	9.36
Miscellaneous expenses	0.00	0.26
Interest	51.18	107.11
Finance Cost (Bank TL Charges)	15.16	0.00
<b>TOTAL</b>	<b>81.46</b>	<b>166.50</b>

**27.5)** The company has written down the inventories to net realisable value during the year by ₹ 31.29 Lacs (Previous year ₹ 31.73 Lacs).

**27.6) Disclosure as required under clause No.32 of Stock Exchange listing agreement :**

Loans/Advances and Investments of the company :

Particulars	O/S.as at 31.03.2013 (₹ in Lacs)	Maximum O/S. during the year (₹ in Lacs)
(I) SUBSIDIARY COMPANY		
Vadilal Industries (USA) Inc.		
- Investments #	11.74	11.74
	(11.74)	(11.74)
- Loan & Advance*#	125.58	125.58
	(115.92)	(115.92)
(II) PARTNERSHIP FIRMS WHERE SHARE IS MORE THAN 51 %		
Vadilal Cold Storage		
- Investments	140.00	140.00
	(140.00)	(140.00)
- Loans & Advances	186.00	186.00
	(166.86)	(166.86)
(III) Associates:		
Vadilal Forex and Consultancy Services Ltd.		
- Investments	0.73	0.73
	(0.73)	(0.73)

\* Loans and Advance shown above, to Subsidiaries fall under the category of "Long Term Loans and Advances" in the nature of Loans where there is no repayment schedule and are repayable on demand. Such Loans and Advances is given free of Interest.

# Company has made investment in equity of overseas subsidiary company for ₹ 11.74 Lacs and by way of loans ₹ 125.58 Lacs for the purpose of initial development and long term growth. During the year subsidiary Company has incurred loss of ₹ 81.02 Lacs (Accumulated losses ₹ 146.16 Lacs). In view of long term involvement and expected increase in business of subsidiary. The company is of the view that there is no decline other than temporary in the value of investment and that advances given will be fully realisable.

Note: Figures in bracket relate to previous year.

**27.7) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

- Derivative contracts entered into by the company and outstanding as on 31st March, 2013:
- All derivative and financial instruments acquired by the company are for hedging.
- Foreign currency exposure that are hedged by derivative instruments as on 31st March, 2013 -

PARTICULARS	C.Year	P.Year
Number of Buy Contract	2	1
Aggregate Amount	US \$ 48886.88 ₹ 26.59 Lacs	US \$ 2111932.41 ₹ 1033.37 Lacs

- Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2013 -  
US \$ 2053503.11 equal to ₹ 1116.81 Lacs ( Previous year US \$ 2768494 equal to ₹ 1416.36 Lacs)Euro 906 equal to ₹ 0.63 Lacs (Previous year Euro 30323 equal to ₹ 20.72 Lacs)GBP 19363.96 equal to ₹ 15.94 Lacs (Previous Year GBP 8167 equal to ₹ 6.68 Lacs)



**27.8)** The information as required to be disclosed under the "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to balance if any as at the year end have been given in Note No.-9. This is relied upon by the Auditors.

**27.9) MANAGERIAL REMUNERATION**

Salaries, Wages, Allowances, Bonus etc. includes ₹ 95.68 Lacs towards Managing Director's remuneration as per details given below.

	C.Year (₹ in Lacs )	P.Year (₹ in Lacs )
Salary	59.52	52.80
Commission #	5.69	20.21
Contribution to P.F.	7.14	6.34
Other perquisites in cash or kind	23.33	24.09
Total....	95.68	103.44

# Note:- The Overall Managerial Remuneration to be paid to both the Managing Directors can not exceed 10% of the Net Profit of the Company and hence, the commission payable to the Managing Directors is restricted to 0.2973% of the Net Profit (instead of 2%) to each Managing Director.

**27.10) Consumption of Raw and Packing Materials :**

	C.YEAR (₹ in Lacs)	%age	P.YEAR (₹ in Lacs)	%age
1) Imported	325.92	1.81	131.33	0.82
2) Indigenous	17692.83	98.19	15946.66	99.18
	18018.75	100.00	16077.99	100.00

**27.11) STORES AND SPARES CONSUMED:**

	C.YEAR (₹ in Lacs)	%age	P.YEAR (₹ in Lacs)	%age
1) Imported	16.83	28.46	11.18	18.35
2) Indigenous	42.30	71.54	49.73	81.65
	59.13	100.00	60.91	100.00

**27.12)**

	C.YEAR (₹ in Lacs)	P.YEAR (₹ in Lacs)
<b>A) C.I.F.VALUE OF IMPORTS:-</b>		
a) Raw Materials and Packing Materials	342.61	271.24
b) Stores and Spares	26.12	11.00
c) Capital Goods	419.18	568.23
<b>B) EXPENDITURE IN FOREIGN CURRENCY : ( on accrual basis)</b>		
i) Sales Promotion and Commission	29.87	28.85
ii) Travelling	27.77	8.30
iii) Freight	306.05	220.62
iv) Others	9.28	7.73
v) legal & Prof Charges	0.00	0.93
<b>C) EARNINGS IN FOREIGN CURRENCY:-</b>		
Export of Goods (F.O.B.Value)	3487.49	2995.25

**27.13) REMITTANCE OF FOREIGN CURRENCIES FOR DIVIDENDS :**

The company has not made any remittances in foreign currencies on account of dividends during the year. The particulars of dividends paid to non-resident shareholders are as follows :

	C.YEAR (₹ in Lacs)	P.YEAR (₹ in Lacs)
Year to which dividend relates	2011-12	2010-11
Number of non-resident shareholders	24	12
Number of shares held by them on which dividend is due	18759	15431
Amount remitted to bank accounts in India of non-resident shareholders - ₹ in Lacs	0.28	0.23

## 28) Disclosure under Accounting Standards

### 28.1) (i) Defined Contribution Plans:

Amount of ₹ 74.42 Lacs is recognised as expense and included in "Employee Benefits Expenses" in the Statement of Profit and Loss.

#### (ii) Defined Benefit Plans :

- (a) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Opening defined benefit		
Obligation as at 01.04.12	153.98	138.27
Service Cost	14.86	13.75
Interest Cost	13.09	11.34
Actuarial Losses (Gains)	6.91	8.30
Losses (Gains) on Curtailments	—	—
Liabilities extinguished on settlements	—	—
Benefits Paid	(7.64)	(17.87)
Closing defined benefit obligation as at 31.03.2013	181.20	153.98

- (b) Changes in the fair value of plan assets representing reconciliation of the opening and closing balance thereof are as follows:

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Opening fair value of plan assets as at 01.04.2012	84.66	94.84
Expected return	7.19	8.68
Actuarial gains(Losses)	0.34	(0.99)
Assets distributed on Settlements	—	—
Contribution by employer	00.00	00.00
Benefits paid	(7.64)	(17.87)
Closing balance of fair value of plan Assets as at 31.03.2013	84.55	84.66

- (c) The amounts recognised in Balance Sheet are as follows :

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Amount to be recognised in Balance Sheet		
A) Present Value of Defined Benefit Obligation		
- Funded	84.55	84.66
- Unfunded	96.65	69.32
Total	181.20	153.98
Less: Fair Value of Plan Assets	84.55	84.66
- Unrecognised Past	—	—
Service Costs		
- Amount to be recognised as Liability	96.65	69.32
B) Amount Reflected in the Balance Sheet Liabilities Assets	96.65	69.32
Net Liability/(Asset)	96.65	69.32





(d) The amounts recognised in Profit and Loss account are as follows:

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
1. Current Service Cost	14.85	13.75
2. Interest cost	13.09	11.34
3. Expected return on plan assets	(7.20)	(8.68)
4. Net Actuarial Losses (Gains) recognised in yr.	6.58	9.30
5. Past service cost	—	—
6. Losses (gains) on Curtailments and Settlement	—	—
Total included in Employee's expense	27.32	25.71
Actual return on plan assets	7.53	7.69

(e) The Major categories of plan asset as a percentage of total plan assets are as follows:

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Government of India -Securities	0.00 %	0.00 %
High quality- Corporate bond	0.00 %	0.00 %
Equity shares of -listed companies	0.00 %	0.00 %
Property	0.00 %	0.00 %
Insurance company	100.00 %	100.00 %

(f) Principal actuarial assumptions at the balance sheet date.  
(expressed as weighted averages):

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Discount rate	8.25 %	8.50 %
Expected return on plan assets	8.70 %	8.50 %
Proportion of employees opting for early retirement/Attrition rate	2.00 %	2.00 %
Annual increase in salary costs	6.00 %	6.00 %

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

(g) Amount pertaining to defined benefits plans for current and previous three years are as follows :

Gratuity Plan:- (₹ in Lacs)				
Particulars	Current Year		Previous Years	
	2012-13	2011-12	2010-11	2009-10
Defined benefit Obligation	181.20	153.98	138.46	138.27
Plan assets	84.55	84.66	94.84	76.87
Surplus / (Deficit)	(96.65)	(69.32)	(43.62)	(61.40)
Experience adjustment on plan Liabilities	3.36	12.54	—	—
Experience adjustment on plan Assets	0.34	(0.99)	—	—

Note: Amount not available for Experience adjustment of previous years on plan liabilities and on plan Assets as per actuarial certificate for Gratuity Plan.

(h) The company expects to fund ₹ 10.00 Lacs towards gratuity plan and ₹ 31.00 Lacs towards provident fund, ESI etc. plan during the year 2013-14.

Notes :

- i) The company provides retirement benefits in the form of Provident Fund, Gratuity and Leave Encashment. Provident fund contributions made to "Government Administrated Provident Fund" are treated as defined contribution plan since the company has no further obligations beyond its monthly contributions. Gratuity is treated as defined benefit plan, and is administrated by making contributions to Group Gratuity Scheme of Life Insurance Corporation of India and SBI Life-Cap Assure Gratuity Scheme. Leave encashment is considered as defined benefit plans is administrated by making contributions to the Group Leave Encashment Scheme of Life Insurance Corporation of India and Sick leave is considered as defined benefit plan and it remains unfunded.

**28.2)** As per Accounting Standard (AS) 17, "Segment Reporting", segment information is provided in the Notes to Consolidated Financial Statements.

**28.3) RELATED PARTY DISCLOSURES :** As per Accounting Standard 18.

A) Name of related party and description of relationship where control exists.

- i) Vadilal Industries (USA) Inc. : Subsidiary Company
- ii) Vadilal Cold Storage : Partnership firm where share is more than 51 %
- iii) Vadilal Forex and Consultancy Services Ltd : Associates

B) Name of related party and description of the relationship with whom transactions taken place.

1) Key Management Personnel :

- i) Virendra R Gandhi
- ii) Rajesh R Gandhi
- iii) Devanshu L Gandhi

2) Enterprises owned or significantly influenced by key management personnel or their relatives :

- i) Vadilal Enterprises Ltd.
- ii) Vadilal International Pvt. Ltd.
- iii) Kalpit Realty & Services Ltd.
- iv) Veronica Construction Pvt.Ltd.
- v) Padm Complex Pvt.Ltd.
- vi) Majestic Farm House Ltd.
- vii) Volute Construction Pvt Ltd.
- viii) Ambica Dairy Products

3) Relative of key Management Personnel :

- i) Mamta R Gandhi
- ii) Kalpit R Gandhi

**Transaction with Related Parties :**

(₹ in Lacs)

Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Subsidiary	Control Exist	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
1	Sales :						
	i) Vadilal Enterprises Ltd.	—	—	—	—	28253.21	28253.21
		(—)	(—)	(—)	(—)	(24,641.47)	(24,641.47)
	ii) Vadilal Industries (USA) Inc	452.11	—	—	—	—	452.11
		(278.79)	(—)	(—)	(—)	(—)	(278.79)
	iii) Others	—	—	—	—	84.02	84.02
		(—)	(—)	(—)	(—)	(66.84)	(66.84)
2	Purchase :						
	Ambica Dairy Products	—	—	—	—	163.41	163.41
		(—)	(—)	(—)	(—)	(103.40)	(103.40)
3	Hire Charges/Rent paid :						
	Vadilal Cold Storage	—	2.40	—	—	—	2.40
		(—)	(2.40)	(—)	(—)	(—)	(2.40)
4	Rent Income :						
	Vadilal Enterprises Ltd.	—	—	—	—	0.54	0.54
		(—)	(—)	(—)	(—)	(0.54)	(0.54)
5	Interest paid :						
	i) Vadilal Forex and Consultancy Services Ltd.	—	—	0.44	—	—	0.44
		(—)	(—)	(1.48)	(—)	(—)	(1.48)
	ii) Padm Complex Pvt.Ltd.	—	—	—	—	0.02	0.02
		(—)	(—)	(—)	(—)	(0.57)	(0.57)
	iii) Veronica Construction P. Ltd	—	—	—	—	212.97	212.97
		(—)	(—)	(—)	(—)	(40.46)	(40.46)
	iv) Kalpit Realty & Services Ltd	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(16.38)	(16.38)



Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Subsidiary	Control Exist	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
6	Salary paid :						
	i) Mamta R.Gandhi	—	—	—	5.61	—	5.61
		(—)	(—)	(—)	(1.08)	(—)	(1.08)
	ii) Kalpit R. Gandhi	—	—	—	5.46	—	5.46
		(—)	(—)	(—)	(3.43)	(—)	(3.43)
7	Interest Income :						
	Vadilal International Pvt.Ltd.	—	—	—	—	3.76	3.76
		(—)	(—)	(—)	(—)	(3.75)	(3.75)
8	Share of profit in Partnership Firm						
	Vadilal Cold Storage	—	19.14	—	—	—	19.14
		(—)	(13.74)	(—)	(—)	(—)	(13.74)
9	Royalty paid/payable :						
	Vadilal International Pvt.Ltd.	—	—	—	—	1.41	1.41
		(—)	(—)	(—)	(—)	(1.38)	(1.38)
10	Loan & Advance Given						
	i) Vadilal Industries (USA) Inc	9.66	—	—	—	—	9.66
		(45.07)	(—)	(—)	(—)	(—)	(45.07)
	ii) Majestic Farm House Ltd.	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(3.57)	(3.57)
	iii) Vadilal International Pvt.Ltd.	—	—	—	—	600.00	600.00
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
11	Loan & Advance Re-Paid						
	i) Vadilal International Pvt.Ltd.	—	—	—	—	375.25	375.25
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
12	Intercompany Deposit Received						
	i) Veronica Construction P. Ltd	—	—	—	—	4112.25	4112.25
		(—)	(—)	(—)	(—)	(1600.00)	(1600.00)
13	Intercompany Deposit Re-paid/Adjusted:						
	i) Veronica Construction P. Ltd	—	—	—	—	5129.28	5129.28
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
	ii) Vadilal Forex and Consultancy Services Ltd.	—	—	15.38	—	—	15.38
		(—)	(—)	(0.00)	(—)	(—)	(0.00)
14	<b>Balance outstanding at year end :</b>						
	a) Investments :						
	i) Vadilal Industries (USA) Inc	11.74	—	—	—	—	11.74
		(11.74)	(—)	(—)	(—)	(—)	(11.74)
	ii) Others	—	140.00	0.72	—	1.87	142.59
		(—)	(140.00)	(0.72)	(—)	(1.87)	(142.59)
	b) Receivable :						
	Trade Receivables						
	i) Vadilal Enterprises Ltd.	—	—	—	—	832.37	832.37
		(—)	(—)	(—)	(—)	(2987.97)	(2987.97)
	ii) Vadilal Industries (USA) Inc	386.62	—	—	—	—	386.62
		(163.04)	(—)	(—)	(—)	(—)	(163.04)
	iii) Others	—	—	—	—	7.17	7.17
		(—)	(—)	(—)	(—)	(11.67)	(11.67)
	Loans & Advances Given						
	i) Vadilal International Pvt.Ltd.	—	—	—	—	600.00	600.00
		(—)	(—)	(—)	(—)	(375.25)	(375.25)
	ii) Vadilal Industries (USA) Inc	125.58	—	—	—	—	125.58
		(115.92)	(—)	(—)	(—)	(—)	(115.92)
	iii) Vadilal Cold Storage	—	186.00	—	—	—	86.00
		(—)	(166.86)	(—)	(—)	(—)	(166.86)

Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Subsidiary	Control Exist	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
iv)	Padm Complex Pvt Ltd	— (—)	— (—)	— (—)	— (—)	20.79 (20.69)	20.79 (20.69)
	Advance given to supplier:						
i)	Ambica Dairy Products	— (—)	— (—)	— (—)	— (—)	14.03 (-28.40)	14.03 (-28.40)
c)	Payable :						
	ICD Taken						
i)	Padm Complex Pvt.Ltd.	— (—)	— (—)	— (—)	— (—)	— (0.33)	— (0.33)
ii)	Vadilal Forex and Consultancy Services Ltd.	— (—)	— (—)	— (15.38)	— (—)	— (—)	— (15.38)
iii)	Veronica Construction P. Ltd	— (—)	— (—)	— (—)	— (—)	1216.29 (2020.90)	1216.29 (2020.90)
	Trade Payables						
i)	Vadilal Cold Storage	— (—)	4.59 (2.16)	— (—)	— (—)	— (—)	4.59 (2.16)
d)	Against corporate guarantee given : Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	1474.00 (924.00)	1474.00 (924.00)
e)	Against corporate guarantee taken:						
i)	Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	800.00 (800.00)	800.00 (800.00)
ii)	Padm Complex & Volute Construction	— (—)	— (—)	— (—)	— (—)	9303.00 (9303.00)	9303.00 (9303.00)

- Note : a) Payment to key management personnel in form of Managing Director's remuneration is shown in Note No. 27.9  
b) Represents towards deposit & receivable  
c) Represents as capital investments and amount in current account with partnership firm in which company is partner.  
d) Investment in subsidiary of ₹ 11.74 Lacs equals to \$ 25000 & Loans and advance made ₹ 125.58 Lacs equals to US \$ 268000.  
e) Transaction of sales are shown net of VAT/ CST and Outstanding of Trade Receivables are inclusive of VAT/ CST.  
f) Pursuant to the deed of assignment executed on 30<sup>th</sup> March, 2013 between the company and Veronica Construction Pvt Ltd (assignee), amount recoverable from a party amounting to Rs.4129.28 Lacs has been assigned and adjusted against the amount borrowed from the assignee.  
g) Figures in brackets relate to previous year.  
h) Outstanding balance shown net of Acceptance.

#### 28.4) OPERATING LEASE:-

- The company has taken various residential, office and godown premises under operating lease or leave and licence agreements. These are generally not non-cancellable and range between 11 months and 36 months under leave and licence or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free Security deposits under certain agreements.
- Lease payments are recognised as expense in the Profit & Loss Statement on a straight line basis over the lease term under expense head "Rent" in Note 25 "Other Expenses."
- The future minimum estimated operating lease payments under non cancellable operating lease: ( ₹ in Lacs)

Particulars	Not later than one year	later than one & not later than five years
Total of minimum	11.40	20.90
Lease Payments	(0.00)	(0.00)

Note: Figures in brackets relate to previous year.



## 28.5) Earnings Per Share (EPS) :

The following reflect the profit and share data used in the basic and diluted EPS computation

	( ₹ in Lacs )	
	C. Year	P. Year
Total Operation for the year		
Profit/(loss)after Tax	597.42	625.24
Net Profit/(loss) for calculating basic/diluted EPS	597.42	625.24
Weighted Avg. Number of Equity shares in calculating Basic/Diluted EPS	7187830	7187830

## 28.6) Disclosure as required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets :

### a) Movement in provisions : ( ₹ in Lacs )

Sr. No.	Particulars of Disclosure	Class of Provisions		Total
		S. Tax / Entry Tax	Others	
1)	Balance as at 01.04.2012	16.65	00.00	16.65
2)	Additional provision during 2012-13	00.00	00.00	00.00
3)	Provision used during 2012-13	0.00	00.00	00.00
4)	Provision reversed during 2012-13	0.00	0.00	00.00
5)	Balance as at 31.03.2013	16.65	0.00	16.65

### b) Nature of provisions :

In respect of others provisions, the nature thereof has not been disclosed on the grounds that it can prejudice the Interests of the company.

### c) The timing and the probability of the outflow with regards to these matters depend on the ultimate settlement / conclusion with the relevant authorities.

Signatures to Notes 1 to 28

For and on behalf of the Board

For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : 30th May,2013

Place : Ahmedabad  
Date : 30th May,2013





## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Sr. No.	Particulars	Note	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
I	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholders' Funds:</b>			
	(a) Share Capital	2	718.78	718.78
	(b) Reserves & Surplus	3	10562.85	10243.94
	<b>Sub Total</b>		<b>11281.63</b>	<b>10962.72</b>
(2)	Minority Interest		8.55	8.16
(3)	<b>Deferred Government Grant</b>		22.38	25.58
(4)	<b>Non-Current liabilities</b>			
	(a) Long Term borrowings	4	7560.96	8347.55
	(b) Deferred tax liabilities(Net)	5	1290.61	1094.41
	(d) Long term provisions	6	53.97	34.19
	<b>Sub Total</b>		<b>8905.54</b>	<b>9476.15</b>
(5)	<b>Current liabilities</b>			
	(a) Short term borrowings	7	7369.70	4974.66
	(b) Trade payables	8	3968.92	4485.83
	(c) Other current liabilities	9	3442.35	2711.87
	(d) Short term provisions	6	250.56	277.94
	<b>Sub Total</b>		<b>15031.53</b>	<b>12450.30</b>
	<b>TOTAL -&gt;</b>		<b>35249.63</b>	<b>32922.91</b>
II	<b>ASSETS</b>			
(1)	<b>Non-current assets</b>			
	(a) Fixed Assets :	10		
	i) Tangible assets		20738.35	19631.58
	II) Capital Work - In - Progress		1496.78	828.33
	III) Intangible Assets under development		134.07	0.00
	<b>Sub Total</b>		<b>22369.20</b>	<b>20459.91</b>
	(b) Non-current Investments	11	7.48	4.87
	(c) Long-term loans and advances	12	1574.60	922.77
	(d) Other non-current assets	13	70.68	60.04
	<b>Sub Total</b>		<b>24021.96</b>	<b>21447.59</b>
(2)	<b>Current Assets</b>			
	(a) Current Investments	14	1.07	1.48
	(b) Inventories	15	8801.66	6778.67
	(c) Trade receivables	16	1276.27	3250.11
	(d) Cash & Bank balances	17	173.38	215.55
	(e) Short term Loans & Advances	12	713.88	828.88
	(f) Other Current Assets	13	261.41	400.63
	<b>Sub Total</b>		<b>11227.67</b>	<b>11475.32</b>
	<b>TOTAL -&gt;</b>		<b>35249.63</b>	<b>32922.91</b>

Summary of significant accounting policies 1  
The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Sr. No.	Particulars	Note	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
I	Revenue From Operations (Gross)	18	33018.43	28822.37
	Less : Excise Duty		745.31	357.79
	Revenue From Operations (Net)		32273.12	28464.58
	Other Income	19	817.98	290.15
	Total Revenue (I) <b>Sub Total</b>		<b>33091.10</b>	<b>28754.73</b>
II	<b>Expenses :</b>			
	Cost of Materials Consumed	20	18018.75	16077.99
	Purchases of stock-in-Trade	21	1200.28	596.43
	Changes in inventories of Finished goods and stock in trade	22	(949.47)	(530.37)
	Employee Benefits expenses	23	1587.16	1392.71
	Other Expenses	24	8823.95	7363.53
	Total (II) <b>Sub Total</b>		<b>28680.67</b>	<b>24900.29</b>
III	Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) (I-II)		4410.43	3854.44
IV	Finance Cost	25	2481.92	1989.65
	Depreciation and amortization expenses	10	1161.35	960.48
	Less : Recoupment from Revaluation reserve / Deferred Government grant		53.53	20.73
			1107.82	939.75
	Total (IV) <b>Sub Total</b>		<b>3589.74</b>	<b>2929.40</b>
V	Profit before Exceptional & extraordinary items and tax(III-IV)		820.69	925.04
VI	Exceptional Items		0.00	0.00
VII	Profit before extraordinary items and tax(V-VI)		820.69	925.04
VIII	Extraordinary items		0.00	0.00
IX	Profit before Tax(VII-VIII)		820.69	925.04
X	Tax Expenses			
	(a) Current Tax		85.89	23.07
	(b) Deferred Tax charge / (release)		196.20	311.71
	(c) Short / (Excess) Provision of Tax / Deferred Tax of earlier years (Net)		38.28	10.70
			320.37	345.48
XI	Profit for the period (IX – X)		500.32	579.56
XII	Profits applicable to Minority Interest		0.39	0.28
XIII	Share in Profit of Associate		2.61	0.00
XIV	Profit for the period (XI -XII + XIII)		502.54	579.28
XV	Earnings per equity share :(Refer Note 27.4)			
	Nominal Value of Share ₹ 10 (P.Y. ₹ 10)			
	Basic & Diluted			
	Computed on the basis of total profit for the year		6.96	8.06
	Summary of significant accounting policies	1		
	The accompanying notes are an integral part of the financial statements			

As per our report of even date

For and on behalf of the Board

For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013



## CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	For the year ended 31.03.2013 (₹ in Lacs)	For the year ended 31.03.2012 (₹ in Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and Exceptional Items from continuing operations	820.69	925.04
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1161.35	960.48
Withdrawn From Revaluation Reserve /	(53.53)	(20.73)
Deferred Government Grant		
Loss / (Profit) on sale of Assets	(6.16)	(12.14)
Loss / (Profit) on sale of Investments	(1.73)	0.00
Provision for Doubtful advances	4.49	0.00
Upfront Interest on restructuring of Loan	10.27	10.86
Diminution in value of Current Investments	0.41	0.28
Excess Provision written back	(48.82)	(11.08)
Dividend	(0.24)	(0.24)
Interest expenses	2481.92	1989.65
Interest Income	(457.20)	(216.78)
Exchange rate difference on consolidation	(7.16)	(3.04)
Operating Profit before working capital changes	3904.29	3622.30
Movements in working capital :		
Increase / (decrease) in trade payables	(516.91)	2698.45
Increase / (decrease) in long term provisions	19.78	22.28
Increase / (decrease) in short term provisions	13.97	(8.37)
Increase / (decrease) in other current liabilities	762.55	749.83
Decrease / (increase) in trade receivable	1973.84	(901.70)
Decrease / (increase) in inventories	(2022.99)	(1147.82)
Decrease / (increase) in long term loans and advances	(564.42)	771.36
Decrease / (increase) in short term loans and advances	79.79	(184.86)
Decrease / (increase) in other current assets	63.56	(124.45)
Cash Generated from / (used in) Operations	3713.46	5497.02
Direct taxes paid (net of refunds)	(253.76)	(174.36)
Cash flow before extraordinary items	3459.70	5322.66
Net Prior Year Expenses	0.00	0.00
Net Cash from / (used in) Operating Activities	3459.70	5322.66
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans given (Net)	30.71	(5.51)
Purchase of fixed assets	(3019.39)	(3469.14)
Sale of fixed assets	14.15	12.36
Purchase of Current Investments	49.59	(0.22)
Proceeds from Sale / maturity of Investments	(48.27)	0.00
Investments in bank deposits (having original maturity of more than three months)	75.44	(111.91)
Interest received	529.93	240.01
Dividend received	0.24	0.24
Net Cash flow from / (used in) Investing Activities	(2367.60)	(3334.17)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings (Net)	(786.59)	2050.81
Proceeds/(Repayment) of Short Term borrowings (Net)	2395.04	(1889.04)
Interest paid	(2525.99)	(2048.44)
Dividends paid on equity shares	(105.83)	(105.00)
Tax on equity dividend paid	(17.49)	(17.49)
Net Cash used in Financing Activities	(1040.86)	(2009.16)
Net Increase/(Decrease) in cash and	51.24	(20.67)
Cash equivalents (A+B+C)		
Op. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ' 0.07 lacs (P.Y. ' 2.06 lacs))	107.17	127.84
Cl. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ' 0.07 Lacs (P.Y. ' 0.07 lacs))	158.41	107.17
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Cash and Cheques on hand	24.19	25.44
Balance With Banks		
On Current Accounts	114.78	66.54
On Fixed / Margin Money Deposit Accounts	6.46	6.46
	<b>158.41</b>	<b>107.17</b>

Notes : 1. The above Cash Flow has been prepared under Indirect Method set out in AS 3, issued by Companies (Accounting Standard) Rules, 2006.  
2. Figures in brackets represents outflow.  
3. Previous Year figures have been restated wherever necessary to make them comparable with current year figures.

This is the Cash Flow Statement referred to in our report of even date For KANTILAL PATEL & CO. Chartered Accountants Firm Registration No.104744W

For and on behalf of the Board

Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922  
Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013

**NOTE : 1**
**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :**
**A) ACCOUNTING CONVENTION :**

The consolidated financial statements have been prepared in accordance with Accounting standard 21 ( AS 21) - "Consolidated Financial Statements" and Accounting standards 23 ( AS 23) - " Accounting for investments in associates" issued by the Institute of Chartered Accountants of India.

**B) PRINCIPLES OF CONSOLIDATION :**

The consolidated financial statements relate to " Vadilal Industries Ltd." ( The parent Company), Vadilal Industries (USA) Inc., a subsidiary company and Vadilal Cold Storage (Partnership Firm). The consolidated statements have been prepared on the following basis.

- The financial statements have been combined on a line -by-line basis by adding together the book values of like items of Assets ,Liabilities, Income and Expenses. The Intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated .
- The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstance and are presented to the extent possible, in the same manner as the parent company's separate financial statements.
- The difference between the cost/carrying amount of investments over the net assets is recognised in financial statements as goodwill or capital reserve as the case may be.
- Minority interest's share of net profit/loss of consolidated for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders.
- In case of associates where the company holds more than 20 % of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard - ( AS 23 ) "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
- The company accounts for its share in the change in the net assets of the associate, post Acquisition, after eliminating unrealised profit and losses resulting from transactions between the company and its associate to the extent of its share, through its profit and loss account to the extent such change is attributable to the associate's profit and loss account and through its reserves for the Balance, based on available information.
- The difference between the carrying amount of investments in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the financial statements as goodwill or capital reserve as the case may be.
- Financial statement of non-integral foreign operations translated into Indian rupees pursuant to Accounting Standards 11 (AS-11) (revised 2003) 'The effects of changes in foreign currency rate are as follows:
  - Revenues and expenses are translated into Rupees at the average of monthly average exchange rates, which is not as per requirements of AS-11, but having no material effect on the results of consolidated accounts.
  - All balance sheet items are translated into rupees using the year end exchange rate.
  - All resulting exchange differences are accumulated in a Foreign currency Translation Reserve Account.

C) Investments other than in subsidiaries and associates have been accounted as per Accounting standard 13 on Accounting for Investments.

**D) OTHER SIGNIFICANT ACCOUNTING POLICIES :**

These are setout in the notes to financial statements under "Statement of accounting policies" of the financial statements of Vadilal Industries Ltd.

**NOTES TO CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS**

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE - 2</b>		
<b>SHARE CAPITAL</b>		
<b>Share capital</b>		
Authorized shares	1500.00	1500.00
1,50,00,000 (31 March 2012: 1,50,00,000) equity shares of Rs. 10/- each		
<b>Issued, subscribed and fully paid-up shares</b>		
<b>Issued and Subscribed :</b>		
71,88,230 (31 March 2012: 71,88,230) equity shares of Rs. 10/- each	718.82	718.82
<b>Total issued and subscribed share capital</b>	<b>718.82</b>	<b>718.82</b>
<b>Paid up :</b>		
71,87,830 (31 March 2012: 71,87,830) equity shares of Rs. 10/- each	718.78	718.78
Total paid-up share capital		
<b>Total</b>	<b>718.78</b>	<b>718.78</b>



**a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31st March, 2013		31st March, 2012	
	Nos	₹ in Lacs	Nos	₹ in Lacs
<b>Equity shares</b>				
<b>At the beginning of the period</b>	7187830	718.78	7187830	718.78
<b>Outstanding at the end of the period</b>	<b>7187830</b>	<b>718.78</b>	<b>7187830</b>	<b>718.78</b>

**b Terms / rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 1.50 (31 March 2012: ₹ 1.50).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c Shares held by holding/ultimate holding company and/or their subsidiaries / associates**

The Company does not have any holding company.

**d Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

Nil

**e Details of shareholders holding more than 5% shares in the company**

	31st March, 2013		31st March, 2012	
	Nos	% holding in the class	Nos	% holding in the class
Vadilal International Pvt. Ltd.	2809704.00	39.09%	2809704.00	39.09%
Acacia Institutional Partners, LP	0.00	0.00%	419035.00	5.83%

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 3</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Closing Balance	8.84	8.84
<b>Securities Premium Account</b>		
Closing Balance	487.27	487.27
<b>Revaluation Reserve</b>		
Balance as per last Financial Statements	6351.10	81.93
Add : Additions during the year	0.00	6286.71
	6351.10	6368.64
Less : Amount transferred to the statement of profit and loss as reduction from depreciation	50.33	17.54
Closing Balance	6300.77	6351.10
<b>General Reserve</b>		
Balance as per last Financial Statements	3200.00	2700.00
Add : Amount transferred from surplus balance in the statement of profit and loss	300.00	500.00
	3500.00	3200.00
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Financial Statements	-3.76	-0.72
Less : Current Year Transfer	7.16	3.04
	-10.92	-3.76

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>Surplus / (Deficit) in the statement of profit and loss</b>		
Balance as per last Financial Statements	200.49	246.52
Profit for the year	502.54	579.28
Less : Appropriations		
Proposed final equity dividend (amount per share ₹ 1.50 P.Y. amount per share ₹ 1.50))	107.82	107.82
Tax on proposed equity dividend	18.32	17.49
Transferred to General reserve	300.00	500.00
Total Appropriations	426.14	625.31
Net Surplus / (Deficit) in the statement of profit and loss	276.89	200.49
Total Reserves and Surplus	10562.85	10243.94

	Non – Current		Current Maturities	
	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 4</b>				
<b>LONG TERM BORROWINGS</b>				
Term Loans				
From Banks (Secured)	6219.67	5222.10	1579.84	893.93
From Financial Institutions (Secured)	615.63	903.13	287.50	287.50
From Others (Unsecured)	71.95	74.69	95.37	69.97
	6907.25	6199.92	1962.71	1251.40
Deposits (Unsecured)				
Public Fixed Deposits	653.71	547.63	311.39	187.60
Loans from Related Parties (Unsecured) (Refer Note 27.2)	0.00	1600.00	—	—
	653.71	2147.63	311.39	187.60
	7560.96	8347.55	2274.10	1439.00
The above amount includes :				
Secured borrowings	6907.25	6199.92	1962.71	1181.43
Unsecured borrowings	653.71	2147.63	311.39	187.60
Less : Amount disclosed under the head “Other current Liabilities”			-1962.71	-1181.43
Note – 9				
Less : Amount disclosed under the head “Other current Liabilities”			-311.39	-187.60
Note – 9				
Net Amount	7560.96	8347.55	0.00	0.00

Repayment Schedule of Loans							(₹ in Lacs)
	Sanctioned / Disbursed Amount	As at 31.03.2013	As at 31.03.2012	Rate of Interest	No of installment		Amount of installment
Term Loans From Banks							
IDBI Bank	600.00	0.00	46.37				
IDBI Bank (Expansion Loan)	800.00	314.31	428.59	14.75%	10 Quarterly		28.57
					1 Quarterly		28.61
BOB	1000.00	750.00	950.00	14.00%	45 Monthly		16.67
BOB	1400.00	1400.00	1400.00	14.00%	60 Monthly		23.33
SBT	1000.00	933.00	1000.00	13.75%	55 Monthly		16.75
					1 Monthly		11.75
SBT	1000.00	933.00	1018.19	13.75%	55 Monthly		16.75
					1 Monthly		11.75
SBI (old loan)	775.00	269.28	387.55	13.20%	24 Monthly		10.76
					1 Monthly		11.04
SBI (Project)	1000.00	615.90	809.31	13.75%	36 Monthly		16.70
					1 Monthly		14.70



Repayment Schedule of Loans (Contd.)						(₹ in Lacs)
Term Loans From Banks	Sanctioned / Disbursed Amount	As at 31.03.2013	As at 31.03.2012	Rate of Interest	No of installment	Amount of installment
SBI (Project)	900.00	900.00	0.00	13.35%	24 Monthly	37.50
SBI (Project)	2100.00	1558.53	0.00	12.95%	39 Monthly	10.00
					22 Monthly	52.00
					1 Monthly	24.53
Vehicle Loans						
BOB		13.78	20.07	-	20 Monthly Installments	*
HDFC		111.71	55.25	-	From 27 to 54 Monthly Installments	*
ICICI		0.00	0.71	-		
From Financial Institutions						
Exim	1000.00	750.00	950.00	12.75%	15 Quarterly.	50.00
Exim	525.00	153.13	240.62	12.80%	07 Quarterly	21.87
Other – IBM India	97.42	92.63	0.00	12.50%	16 Quaretrly Installments of Rs 7.83 Lacs *	
– Magma Finance	150.00	74.69	144.66	16.01%	11 Monthly Installments of Rs 7.35 Lacs *	
Total		8869.96	7451.32			
Fixed deposits		965.10	735.23	10.25% 11.00%	12 Month to 36 months based on period of deposit	

- A 1) Existing Term loans from IDBI, SBI and Exim aggregating to ₹ 21.00 Crores, New Term loan from BOB, SBI and Exim Bank aggregating to ₹ 30 crores and further term loan from BOB And SBT ₹ 34.00 Crores are secured by English Mortgage on Immovable properties and hypothecation on movable properties of the company situated at the following places by way of 1<sup>st</sup> and 2<sup>nd</sup> charge on pari – passu basis :
- Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge) (Owned property)
  - Dharampur, Dist.: Valsad (Canning Unit) (1st Charge) (Owned property)
  - Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
  - Village Pundhra, Tal : Kalol, Dist. :Gandhinagar (Icecream Plant) (1st Charge) (Owned property)
  - Unit - I, Parsakhera Industrial Estate, Bareilly, U.P.(Icecream Plant (1st Charge) (Leased property)
  - Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (2nd charge) (Owned property)
  - Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2nd Charge) (Owned property)
  - Dharampur, Dist. : Valsad (New Land) (1st Charge) (Owned property)
  - Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 1st Charge) (Excluding specific plant & machineries)
  - Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 1st Charge)
  - Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 1st Charge)
- 2) New Term Loans aggregating to Rs. 30 crores from BOB, SBI and Exim bank and further term loan aggregating to ₹ 34 crores from BOB and SBT and additional term loan of Rs.9 crores from SBI as above are also secured by way mortgage and hypothecation on immovable and movable properties of the Company situated at bareilly,parsakhera Industrial Area,U.P. (New Land F-12) (Leased property)
- 3) Additional Term Loan of Rs.21 crores from SBI is secured by hypothecation on movable properties of the company as mentioned in Point No.(1) and (2) above by way of 1<sup>st</sup>/2<sup>nd</sup> pari-passu charge.
- 4) The above Term Loans are also secured by way of Hypothecation on entire current assets of the Company on 2nd pari-passu charge basis
- 5) The Old Term Loan of Rs 6 Crores from IDBI Bank Ltd. are also secured by mortgage and hypothecation on immovable immovable and movable properties of the Company situated at the following places by way of 1st charge on pari passu basis and also hypothecation on specific plant and machineries situated at IQF unit, Dharampur and Bareilly Unit – II by way of 1<sup>st</sup> charge :-
- Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge) (Owned property)
  - Dharampur, Dist.: Valsad (Canning Unit) (1st Charge) (Owned property)
  - Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
  - Village Pundhra, Tal : Kalol, Dist. :Gandhinagar (Icecream Plant) (1st Charge) (Owned property)
  - Unit - I, Parsakhera Industrial Estate, Bareilly, U.P.(Icecream Plant (1st Charge) (Leased property)
  - Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 1st Charge) (Excluding specific plant & machineries)
  - Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 1st Charge)
  - Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 1st Charge)
- 6) Vehicle Loans for Vehicles are secured by hypothecation of vehicles
- B The Term Loans are also secured by personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies.

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 5</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability		
Fixed assets : Impact of difference between tax Depreciation and depreciation / amortisation charged for the financial reporting	1352.30	1173.15
Others	12.77	16.10
	<u>1365.07</u>	<u>1189.25</u>
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	60.21	34.34
Others	14.25	60.50
	<u>74.46</u>	<u>94.84</u>
Deferred Tax Liability (Net)	<u><b>1290.61</b></u>	<u><b>1094.41</b></u>

	Long term		Short term	
	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 6</b>				
<b>PROVISIONS</b>				
<b>Employee Benefits :</b>				
Provision for Gratuity	53.97	32.27	42.68	37.05
Compensated absences	0.00	1.92	55.10	46.76
<b>Others :</b>				
Income Tax Less Advance Tax (Current Tax)	—	—	9.99	52.17
Proposed Equity Dividend	—	—	107.82	107.82
Provision for Tax on Proposed Equity Dividend	—	—	18.32	17.49
Other Provisions	—	—	16.65	16.65
	<u>53.97</u>	<u>34.19</u>	<u>250.56</u>	<u>277.94</u>

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>Note – 7</b>		
<b>SHORT TERM BORROWINGS</b>		
Loans Repayable on Demand		
From Banks		
Working Capital Loans (Secured)	5056.55	3642.77
	<u>5056.55</u>	<u>3642.77</u>
Deposits (Unsecured)		
Public Fixed Deposits	621.86	635.28
Inter Corporate deposits	475.00	260.00
Loans from Related Parties (Unsecured) (Refer Note 27.2)	1216.29	436.61
	<u>2313.15</u>	<u>1331.89</u>
	<u>7369.70</u>	<u>4974.66</u>
The above amount includes :		
Secured borrowings	5056.55	3642.77
Unsecured borrowings	2313.15	1331.89
	<u>7369.70</u>	<u>4974.66</u>

- A 1) Working Capital facilities from consortium banks namely BOB, SBI, SBT, IDBI Ltd and Exim Bank aggregating to Rs. 65.28 crores (enhanced from Rs. 45.25 crores after repayment of Rs. 4 crores to SIB) are secured by way of English mortgage on Immovable properties and hypothecation on movable properties of the company situated at the following places by way of 1<sup>st</sup> & 2<sup>nd</sup> Charge on pari-passu basis :-





- i Dudheshwar, Ahmedabad (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
  - ii Dharampur, Dist. : Valsad (Canning Unit) (2<sup>nd</sup> Charge) (Owned property)
  - iii Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2<sup>nd</sup> Charge) (Owned property)
  - iv Village Pundhra, Taluka Kalol, Dist. : Gandhinagar (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
  - v Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (2<sup>nd</sup> Charge) (Leased property)
  - vi Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (1<sup>st</sup> charge) (Owned property)
  - vii Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
  - viii 4 Flats No. 801 to 804, Maruti Centre, Gurukul, Drive-in Road, Ahmedabad (Flats) (1st Charge) (Owned property)
  - ix Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 2nd Charge) (Excluding specific plant & machineries)
  - x Gontipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 2nd Charge)
  - xi Gontipur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 2nd Charge)
  - xii Dharampur, Dist : Valsad (New land) (2<sup>nd</sup> charge) (Owned property)
  - xiii Bareilly, Parsakhera Industrial area, U.P. (New land – F-12) (2nd Charge) (Leased property)
- 2) The Working Capital facilities are also secured by way of hypothecation on entire current assets of the Company on 1st pari-passu charge basis.
- B Working Capital facilities are also secured by Personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies
- C The cash credit and working capital demand loan is repayable on demand and carries interest @ 13.50% to 15.75%
- D Loans and Advances from Related Parties are repayable on demand and carry interest @ 10.50 %
- E inter corporate deposits are repayable between 60 days to 90 days and carry Interest @ 13.00 % to 15.50 %
- F Fixed deposits are repayable from 12 months to 36 months based on the period of deposit and carry interest @10.25 % to 11.00 %

#### NOTE – 8

##### TRADE PAYABLES

	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)
Micro Small and Medium Enterprises	0.00	0.00
Others	3968.92	4485.83
	<u>3968.92</u>	<u>4485.83</u>

#### NOTE – 9

##### OTHER CURRENT LIABILITIES

Current Maturities of Long Term debts (Refer Note 4)		
From Banks	1579.84	893.93
From Financial Institutions	287.50	287.50
From Others	95.37	69.97
Public Deposits (Refer Note 4)	311.39	187.60
Interest Accrued but not due on borrowings	108.93	89.16
Interest Accrued and due on borrowings	86.12	90.87
Unclaimed Dividends *	16.56	14.57
Unclaimed Matured deposits and Interest accrued thereon * #	38.89	33.24
Payable for Capital Goods	280.42	459.87
Other Payables -		
Statutory dues payable	305.52	307.73
Advance from Customers	26.82	71.01
Security Deposits from Customers	213.09	111.56
Others	91.90	94.86
	<u>3442.35</u>	<u>2711.87</u>

\* Does not include any amounts outstanding as on 31.03.2013 which are required to be credited to Investor Education and Protection Fund

# These figures includes Rs. 0.15 (P.Y. Rs 0.15) due and outstanding as on date 31.03.2013, which is held in abeyance due to legal case pending

**NOTE – 10**
**FIXED ASSETS**
**₹ in Lacs**

Particulars	Land Freehold	Land Leasehold	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>At 31st March, 2012</b>	4378.67	1328.87	6912.15	14634.44	152.36	394.62	216.28	28017.39
Additions	0.00	0.00	479.99	1519.27	10.02	140.74	125.94	2275.96
Disposals	0.00	0.00	5.72	43.93	0.00	0.15	7.76	57.56
<b>At 31st March, 2013</b>	4378.67	1328.87	7386.42	16109.78	162.38	535.21	334.46	30235.79
<b>II Depreciation -</b>								
<b>At 31st March, 2012</b>	0.00	5.37	2630.52	5228.17	112.61	281.81	127.33	8385.81
Additions	0.00	3.59	146.47	958.33	3.36	25.60	23.85	1161.20
Disposals	0.00	0.00	1.02	40.76	0.00	0.03	7.76	49.57
<b>At 31st March, 2013</b>	0.00	8.96	2775.97	6145.74	115.97	307.38	143.42	9497.44
<b>III Net Block</b>								
<b>At 31st March, 2013</b>	4378.67	1319.91	4610.45	9964.04	46.41	227.83	191.04	20738.35
<b>At 31st March, 2012</b>	4378.67	1323.50	4281.63	9406.27	39.75	112.81	88.95	19631.58
<b>Capital Work In Progress</b>								
<b>At 31st March, 2012</b>		828.33						
Additions		1496.78						
Disposals		828.33						
<b>At 31st March, 2013</b>		1496.78						
<b>IV Intangible Assets under development</b>								
<b>At 31st March, 2012</b>		0.00						
Additions		134.07						
Disposals		0.00						
<b>At 31st March, 2013</b>		134.07						

**Notes**

- I Land & Building includes ₹ 29.94 lacs (P.Y. ₹ 29.94 lacs) & ₹ 151.61 lacs (P.Y. ₹ 151.61 lacs) respectively in process of being transferred in the name of the company.
- II a Building includes House Building of ₹ 12.90 lacs (Gross) (P.Y. ₹ 12.90 lacs) acquired against loan which is yet to be transferred in the name of the company.
- b The Value of Building acquired against loan includes cost of documentation charges.
- III Borrowing cost capitalised during the year ₹ 59.09 lacs (P.Y. ₹ 107.11 lacs) and shown in additions to fixed Assets ₹ 12.58 Lacs (P.Y. ₹ 107.11 Lacs), in additions to Capital work in progress ₹ 38.60 (P.Y. ₹ Nil) and in Intangible Assets under development ₹ 7.91 Lacs (P.Y. ₹ Nil)
- IV Capital Work in progress includes -  
₹ 1427.90 Lacs (P.Y. ₹ 828.33 Lacs) on account of Construction materials and Plant & machinery under installation at site  
₹ 68.88 Lacs (P.Y. ₹ Nil) on account of expenses incurred during Construction period as under :

	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
Opening Balance	0.00	76.34
Add :		
Expenses Incurred towards acquisition of Fixed assets	30.28	59.39
Interest Capitalised	51.18	107.11
Less :		
Capitalised during the year	81.46	166.50
	12.58	242.84
Closing Balance (Included in capital work in progress)	68.88	0.00
	<b>As At 31.03.2013 (₹ in Lacs)</b>	<b>As At 31.03.2012 (₹ in Lacs)</b>

**NOTE – 11**
**NON-CURRENT INVESTMENTS (LONG TERM)**
**Trade Investments (valued at cost unless stated otherwise)**
**Unquoted equity instruments**
**Others**

72500 (P.Y. 72500) equity shares of ₹ 10 each fully paid up	0.72	0.72
In Vadilal Forex and consultancy services Ltd		
(At cost less provision for other than temporary diminution		
₹ 6.53 Lacs (P.Y. ₹ 6.53 Lacs)		
Add : Profit for the year	2.61	0.00
	3.33	0.72

**Non trade Investments (valued at cost unless stated otherwise)**
**Government and Trust Securities**
**Unquoted**

7 Year National Saving Certificates	0.28	0.28
(Lodged with Govt. Authorities)		



	As At 31.03.2013 (₹ in Lacs)		As At 31.03.2012 (₹ in Lacs)	
<b>Other Investments</b>				
Equity Instruments				
Unquoted				
74100 (P.Y. 74100) equity shares of ₹ 10 each fully paid up In Majestic Farm House Ltd.			0.87	1.87
280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Padm Complex Pvt. Ltd.			0.03	0.03
280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Volute Construction Pvt Ltd.			0.03	0.03
4195 (P.Y. 4195) equity shares of Rs 25 each fully paid In Textile Traders Coop Bank Ltd			1.05	1.05
3540 (P.Y. 3540) equity shares of Rs 25 each fully paid In Siddhi Coop Bank Ltd			0.89	0.89
			7.48	4.87
Aggregate amount of quoted investments			4.87	4.87
	Non – Current		Current	
	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 12</b>				
<b>LOANS AND ADVANCES</b>				
Unsecured, Considered good unless otherwise stated				
Capital Advances	383.77	67.82	0.00	0.00
Loans and Advances to related parties (Refer Note 27.2)	0.10		0.00	0.00
Advances recoverable in cash or in kind or for value to be received (Refer Note 27.2)				
Considered Good	0.00	0.00	473.48	447.45
Considered Doubtful	0.00	0.00	13.99	9.50
Less : Provided for :	0.00	0.00	13.99	9.50
	0.00	0.00	0.00	0.00
	0.00	0.00	473.48	447.45
Other Loans and Advances				
Loans to employees	0.44	0.81	7.23	9.52
Prepaid Expenses	0.90	0.42	62.91	12.75
Deposits with Government Authorities	70.59	55.37		158.18
Advance Income Tax less Provisions	44.86	57.43		—
MAT Tax entitlement	403.41	303.43		—
Other Trade / Security Deposits (Refer Note 27.2)	670.53	437.49		—
Loans in Current Account		—	170.26	200.98
	1190.73	854.95	240.40	381.43
	1574.60	922.77	713.88	828.88
Loans and Advances to Related Parties				
Other	0.10	0.00		
	0.10	0.00		
<b>NOTE – 13</b>				
<b>Other Assets</b>				
Unsecured, Considered good unless otherwise stated				
Deposits with original maturity for more than 12 months	49.09	31.12	0.00	0.00
Non Current bank balances (Refer Note No. 17)				
Unamortised Borrowing cost	21.59	28.92	11.65	10.28
Interest Receivable	0.00	0.00	99.70	172.43
Export Benefits Receivable	0.00	0.00	83.68	144.38
Subsidy Receivable	0.00	0.00	66.38	73.54
	70.68	60.04	261.41	400.63

	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 14</b>		
<b>CURRENT INVESTMENTS (Valued at lower of cost and fair value)</b>		
Quoted Equity Instruments		
400 (P.Y. 400) equity shares of Rs 10 each fully paid-up In Aminex Chemicals Ltd.	0.04	0.04
15 (P.Y. 15) equity shares of Rs 10 each fully paid-up In Century Enka Ltd	0.06	0.06
60 (P.Y. 60) equity shares of Rs 10 each fully paid-up In Essar Steel Ltd.	0.01	0.01
200 (P.Y. 200) equity shares of Rs 10 each fully paid-up In Golden Agro Tech Industries Ltd	0.02	0.02
100 (P.Y. 100) equity shares of Rs 10 each fully paid-up In Great Eastern Shipping Co.Ltd	0.04	0.04
25 (P.Y. 25) equity shares of Rs 10 each fully paid-up in Great Offshore Ltd	0.01	0.01
25000 (P.Y. 25000) equity shares of Rs 1 each fully paid-up In Interface Financial Services Ltd	2.00	2.00
120 (P.Y. 120) equity shares of Rs 2 each fully paid-up In Matrix Laboratories Ltd	0.64	0.64
49000 (P.Y. 49000) equity shares of Rs 1 each fully paid-up In Radhe Developers Ltd	0.49	0.49
2500 (P.Y. 2500) equity shares of Rs 10 each fully paid-up In Saket Projects Ltd	0.25	0.25
900000 (P.Y. 900000) equity shares of Rs 1 each fully paid-up In Sanara Media Ltd.	1.24	1.24
	<u>4.80</u>	<u>4.80</u>
Less : Diminution in value of Investments	3.73	3.32
Total (II)	<u>1.07</u>	<u>1.48</u>
Aggregate amount of quoted investments (Market value ₹ 1.71 Lacs (P.Y. ₹ 2.04 Lacs)	4.80	4.80
Aggregate provision for diminution in value of Investments	3.73	3.32
<b>NOTE – 15</b>		
<b>INVENTORIES</b>		
Stores & Spares	369.04	336.66
Raw Materials (Includes Goods in Transit ₹ 2.52 Lacs P.Y. ₹ 5.86 Lacs))	2523.81	1992.19
Packing Materials (Includes Goods in Transit ₹ 2.83 Lacs P.Y. ₹ 0.21 Lacs))	1444.92	935.40
Finished Goods (Includes Goods in Transit ₹ 175.41 Lacs P.Y. ₹ 125.21 Lacs))	4463.89	3514.42
	<u>8801.66</u>	<u>6778.67</u>
<b>NOTE – 16</b>		
<b>TRADE RECEIVABLES</b>		
Unsecured, Considered good unless otherwise stated Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	56.06	16.10
Considered Doubtful	0.37	0.37
Less : Provided for	0.37	0.37
	<u>0.00</u>	<u>0.00</u>
	56.06	16.10
Other receivables		
Unsecured considered Good	1220.21	3234.01
	<u>1276.27</u>	<u>3250.11</u>
of the above debts (exceeding six months) -		
Secured Considered good	13.62	0.00
Unsecured Considered good	42.44	16.10
	<u>56.06</u>	<u>16.10</u>



	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2012 (₹ in Lacs)
<b>NOTE – 17</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with Banks		
On Current Accounts	98.22	51.96
Deposits with original maturity of less than three months	19.44	15.19
On Unpaid Dividend a/c	16.56	14.58
Cheques, Drafts on hand	0.84	3.49
Cash Balance on hand	23.35	21.95
	<u>158.41</u>	<u>107.17</u>
<b>Other Bank Balances</b>		
Deposits with original maturity for more than twelve months (Includes Security deposit with bank Rs 18.64 Lacs P.Y. Rs 18.64 Lacs)	19.32	19.32
Margin Money deposit (towards guarantee and LC)	44.74	120.18
	<u>64.06</u>	<u>139.50</u>
	<u>222.47</u>	<u>246.67</u>
Less : Amount disclosed under non – current assets (Refer Note no. 13)	49.09	31.12
	<u>173.38</u>	<u>215.55</u>
	<b>Year Ended 31.03.2013 (₹ in Lacs)</b>	<b>Year Ended 31.03.2012 (₹ in Lacs)</b>
<b>NOTE – 18</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products (Refer Note below)		
Finished Goods	32632.88	28362.68
Sale of Services	5.37	5.89
Income from Money Changing Business		
Other Operating Revenues		
Export Licences / DEPB	107.83	166.46
Miscellaneous Sales	82.05	89.80
Others	190.30	197.54
	<u>33018.43</u>	<u>28822.37</u>
<b>Details of Products sold</b>		
Finished Goods		
Ice Cream & Frozen Desserts	27495.64	23881.81
Fruit Pulp, Frozen Fruits & Vegetables	5137.24	4480.87
	<u>32632.88</u>	<u>28362.68</u>
<b>Note -</b>		
The Company is engaged in the manufacturing and trading of selected Processed food products. Due to complexities, it is not possible to segregate the information regarding Sales, consumption and inventories of such items into Finished goods and traded goods.		
<b>NOTE – 19</b>		
<b>OTHER INCOME</b>		
Interest Income	457.20	216.78
Dividend Income		
On Long Term Investments	0.24	0.24
Net gain / (Loss) on foreign currency translation and transaction	52.55	0.00
Profit on Sale of Fixed Assets	6.16	12.14
Profit on Sale of Investment	1.73	0.00
Excess Provision written back	48.82	11.08
Miscellaneous Income	251.28	49.91
	<u>817.98</u>	<u>290.15</u>

	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
<b>NOTE – 20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	2927.59	2404.93
Add : Purchases	19059.89	16600.65
	21987.48	19005.58
Less : Inventory at the end of the year	3968.73	2927.59
Cost of Materials consumed	18018.75	16077.99
<b>Details of Materials consumed -</b>		
Milk and Milk Products	5100.74	4783.45
Dry Fruits, Fresh Fruits & Vegetables	3220.77	2528.19
Packing Materials	4296.27	3565.97
Others	5400.97	5200.38
	18018.75	16077.99
<b>Details of Inventory -</b>		
Milk and Milk Products	1649.73	1339.39
Dry Fruits, Fresh Fruits & Vegetables	271.44	137.91
Packing Materials	1444.92	935.40
Others	602.64	514.89
	3968.73	2927.59
<b>NOTE – 21</b>		
<b>PURCHASE OF TRADED GOODS</b>		
Ready to eat / serve	155.63	86.69
Fruit Pulp, Frozen Fruits & Vegetables	1009.21	494.40
Others	35.44	15.34
	1200.28	596.43
<b>NOTE – 22</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>		
<b>Opening Stock :</b>		
Finished Goods	3514.42	2984.05
	3514.42	2984.05
<b>Closing Stock :</b>		
Finished Goods	4463.89	3514.42
	4463.89	3514.42
<b>Net Changes in Inventories</b>	-949.47	-530.37
<b>Details of Inventory -</b>		
<b>Finished Goods</b>		
Ice Cream & Frozen Desserts	1820.62	1740.09
Fruit Pulp, Frozen Fruits & Vegetables	2643.27	1774.33
	4463.89	3514.42
<b>NOTE – 23</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salary, Wages, Allowances & Bonus, etc	1364.71	1205.62
Contribution to Provident & other funds	105.88	82.33
Staff Welfare Expenses	116.57	104.76
	1587.16	1392.71



	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2012 (₹ in Lacs)
<b>NOTE – 24</b>		
<b>OTHER EXPENSES</b>		
Job Charges	1666.11	1403.40
Power & Fuel	2663.33	2303.15
Stores & Spares Consumption	59.96	61.65
Repairs		
Building	74.01	59.58
Machinery	276.83	198.50
Excise Duty Others	29.56	37.93
Rent	651.46	529.63
Rates & Taxes	23.77	21.04
Insurance	60.80	49.29
Payment to Auditors (Refer details below)	28.40	23.58
Freight, Forwarding and other distribution expenses	1692.03	1392.66
Provision for Doubtful Advances	4.49	0.00
Bad Debts	0.07	0.00
Diminution in Value of Short Term Investments	0.41	0.28
Net gain / (Loss) on foreign currency translation and transaction	0.00	61.13
Other Expenses (Including Legal & Professional, Conveyance, Telephone, Postage, Printing & Stationery, etc)	<b>1592.72</b>	<b>1221.71</b>
	<b>8823.95</b>	<b>7363.53</b>
<b>NOTE – 25</b>		
<b>FINANCE COST</b>		
Interest Expenses	2275.80	1759.32
Other Borrowing Cost	120.94	114.61
Amortisation of ancilliary borrowing costs	10.27	10.20
Net (Gain) / Loss on foreign currency transaction and translation	74.91	105.52
	<b>2481.92</b>	<b>1989.65</b>

**26) Additional Information to the Financial Statements**

**26.1)** Subsidiary company considered in the consolidated financial statements are :

Name	Country of Incorporation	Proportion of ownership interest	
Vadilal Industries Inc.*	USA	100.00 %	
Vadilal Industries (USA) Inc has incurred loss after tax of ₹ 92.13 Lacs in Current Year (Previous Year ₹ 24.61 Lacs).			
Vadilal Industries Ltd has given interest free loan of ₹ 9.66 Lacs during the year to Vadilal Industries (USA)Inc.			
Statement of Financial Information of Vadilal Industries (USA) Inc. a Wholly owned Subsidiary Company as on 31st March, 2013 as per General Circular No. 2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs.			
Sr No	Particulars	Amt (In ₹)	Amt (In USD)
1	Capital*	1173750	25,000
2	Reserve**	-17912966	-329343
3	Total Assets**	40026906	735924
4	Total Liabilities**	40026906	735924
5	Details of Investments (Except in case of investment in the subsidiary)	Nil	Nil
6	Turnover***	51353646	943134
7	Profit Before Tax***	-9131102	-167697
8	Provision for Income Tax***	81675	1500
9	Profit After Taxation***	-9212777	-169197
10	Proposed Dividend	Nil	Nil
11	Country	New Jersey(USA) San Francisco (USA)	

\* Rate of Exchange (Initial) 1 USD = ₹ 46.95

\*\* Rate of Exchange 1 USD = ₹ 54.39 (Closing Rate)

\*\*\* Rate of Exchange 1 USD = ₹ 54.45 (Average Rate)



**26.2) I) Enterprises considered in the consolidated financial statements are :**

Name	Country of Incorporation	Proportion of ownership interest
Vadilal Cold Storage	India	98.00 %

**II) The associate considered in the consolidated financial statements are :**

Name	Country of Incorporation	Proportion of ownership interest
Vadilal Forex and Consultancy Services Ltd.	India	29.00 %

**26.3) CONTINGENT LIABILITIES NOT PROVIDED FOR :**

	C. Year	P. Year
	( ₹ in Lacs )	
I) Guarantees given by the company against Term Loans given to companies in which Directors are interested is ₹ 1474 Lacs (P.Y. ₹ 924 Lacs) Outstanding against this as at 31.03.2013	782.40	620.72
II) i) <b>For Excise -</b>		
a) Related to a matter decided in favor of the company, against which the Excise department has preferred an appeal. Gross ₹ 18.03 lacs (P.Y. ₹ 18.03lacs) Net of Tax	12.18	12.18
b) Related to a matter which is disputed by the company against which appeal is preferred. Gross ₹ 0.00 lacs (P.Y. ₹ 2.32 lacs) Net of Tax	0.00	1.57
ii) <b>For Income Tax -</b>		
a) which is disputed by the company and against which company has preferred appeal, based on the demand notices raised by Income Tax Dept. and received by the company.	5.99	8.44
b) Against which Income Tax department has preferred appeal	166.65	166.65
c) In respect of erstwhile Vadilal Financial Services Limited (VFSL) Income Tax Demand ( including interest) for which the company has preferred appeal.	1.93	1.93
iii) <b>For Sales Tax -</b>		
Disputed by the company and against which company has preferred an appeal. Gross ₹ 87.09 lacs ( P.Y. ₹ 83.11 lacs ) Net of Tax	58.83	56.14
iv) <b>For other Matters -</b>		
Gross ₹ 9.39 lacs (P.Y. ₹ 9.39 lacs) Net of Tax	6.34	6.34
v) In respect of other labor suits pending before various courts, liability is unascertainable.	—	—
vi) Differential amount of custom/excise duty in respect of machinery purchased under EPCG scheme.	561.51	426.33
III) Other Money for which the Company is contingently liable		
i) Liability in respect of Bills Discounted with Third Parties	4755.91	2561.88
ii) Liabilities in respect of Foreign Bills Purchased with Banks	71.24	101.54

- Note : a) Future cash outflows in respect of A (II) (i) to (v) above depends on ultimate settlement / conclusions with the relevant authorities.
- b) Future cash outflows in respect of A (II) (vi) above depends if company is unable to fulfill export obligations of ₹ 3901.48 Lacs (P.Y. ₹ 2581.94 Lacs) within next eight to twelve years. The fulfillment of export obligation is considered on the basis of license claimed at the time of export.
- c) Future cash outflows in respect of A (III) above depends if Vendors are unable to fulfill the liability.

**26.4) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

- a) Derivative contracts entered into by the company and outstanding as on 31st March, 2013.
- i) All derivative and financial instruments acquired by the company are for hedging.
- ii) Foreign currency exposure that are hedged by derivative instruments as on 31st March, 2013 -

PARTICULARS	C. Year	P. Year
Number of Buy Contract	2	1
Aggregate Amount	US \$ 48886.88 ₹ 26.59 Lacs	US \$ 2111632.41 ₹ 1033.37 Lacs

- iii) Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2013
- US \$ 2053503.11 equal to ₹ 1116.81 Lacs ( Previous year US \$ 2768494 equal to ₹ 1416.36 Lacs) Euro 906 equal to ₹ 0.63 Lacs (Previous year Euro 30323 equal to ₹ 20.72 Lacs) GBP 19363.96 equal to ₹ 15.94 Lacs (Previous Year GBP 8167 equal to ₹ 6.68 Lacs)



26. 5) The company has written down the inventories to net realisable value during the year by ₹ 31.29 Lacs (Previous year ₹ 31.73 Lacs ).

27) Disclosure under Accounting Standards

27.1) **SEGMENT INFORMATION :**

**A PRIMARY SEGMENT - BUSINESS SEGMENT :**

[ ₹ in Lacs ]

SR. PARTICULARS NO.	ICE CREAM	PROCESSED FOODS	OTHERS	ELIMI- NATION	TOTAL
a) SEGMENT REVENUE					
External Sales	26393.37	5684.06	195.69	0.00	32273.12
	(23,603.55)	(4,657.59)	(203.44)	0	(28464.58)
Inter segment		130.52		-130.52	0.00
		(153.41)		(-153.41)	0.00
Other segment Income	154.03	204.78	0.01	0.00	358.82
	(56.62)	(16.45)	(0.05)	0	(73.12)
Total segment revenue	26547.40	6019.36	195.70	-130.52	32631.94
	(23660.17)	(4827.45)	(203.49)	(-153.41)	(28537.70)
b) SEGMENT RESULTS	3016.09	51.68	6.18	0.00	3073.95
	(3,113.42)	(-222.23)	(4.22)	0.00	(2895.41)
Unallocated Expenditure net of unallocated income					-228.66
					(-19.28)
Operating profit					3302.61
					(2914.69)
Interest Expense					2481.92
					(1,989.65)
Taxation for the year					
- Current /MAT Tax					85.89
					(23.07)
- Deferred Tax					196.20
					(311.71)
- Short/Excess provision of I.Tax of earlier years					38.28
					(10.70)
- Minority Interest					0.39
					(0.28)
- Share of Profit in Associate					2.61
					(0.00)
Net Profit/ (Loss)					502.54
					(579.28)
TOTAL CARRYING AMOUNT OF					
c) SEGMENT ASSETS	24834.87	8873.93	190.81	0.00	33899.61
	(23994.49)	(7285.03)	(182.73)	0.00	(31462.25)
Unallocated Assets					1314.87
					(1421.46)
Total Assets					35214.48
					(32883.71)
d) SEGMENT LIABILITIES	4230.44	811.52	10.78	0.00	5052.74
	(4691.80)	(958.49)	(13.89)	0.00	(5664.18)
Unallocated liabilities					18885.03
					(16,262.27)
Total Liabilities					23937.77
					(21926.45)
e) Cost incurred during the period to acquire segment fixed assets	3452.49	303.23	15.11		3770.83
	(4310.98)	(1154.94)	(3.34)		(5469.26)
f) Depreciation/Amortisation	926.80	223.99	5.29		1156.08
	(763.23)	(165.20)	(6.04)		(934.47)
g) Non cash expenses other than depreciation/amortisation	4.49	0.00	0.00		4.49
	(0.00)	(0.00)	(0.00)		(0.00)

Note : Figures in brackets relate to previous year.

## B SECONDARY SEGMENT - GEOGRAPHICAL SEGMENT :

Segment revenue by geographical area based on geographical location of customers : [ ₹ in Lacs ]

Sr No	Geographical Area	Current Year	Previous Year
1	India	28471.56	25230.80
2	Outside India	3801.56	3233.78
		32273.12	28464.58

## C OTHER DISCLOSURES

- Inter segment revenue  
Inter segment transfers have been recognized at cost price.
- Business Segment  
Ice Cream : Ice Cream & Frozen Dessert  
Processed Food : Mango Pulp, Frozen Fruit, Pulp, vegetable & Ready to eat/serve food  
Others : Forex management, Money changing and Cold Storage
- The company's manufacturing facilities are located in India.

## 27.2) RELATED PARTY DISCLOSURES :

- Name of related party and description of the relationship with whom transactions taken place.
  - Associates : Vadilal Forex and Consultancy Services Ltd.
  - Key Management Personnel :
    - Virendra R Gandhi
    - Rajesh R Gandhi
    - Devanshu L Gandhi
  - Enterprises owned or significantly influenced by key management personnel or their relatives :
    - Vadilal Enterprises Ltd.
    - Vadilal International Pvt. Ltd.
    - Kalpiti Realty & Services Ltd.
    - Veronica Constructions Pvt.Ltd.
    - Padm Complex Ltd.
    - Majestic Farm House Ltd.
    - Volute Construction Ltd.
    - Ambica Dairy Products
  - Relative of key Management Personnel :
    - Mamta R Gandhi
    - Kalpiti R Gandhi

## Transaction with Related Parties :

(₹ in Lacs)

Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
1	Sales :				
	i) Vadilal Enterprises Ltd.	—	—	28253.21	28253.21
		(—)	(—)	(24,641.47)	(24,641.47)
	ii) Others	—	—	84.02	84.02
		(—)	(—)	(66.84)	(66.84)
2	Purchase :				
	Ambica Dairy Products	—	—	163.41	163.41
		(—)	(—)	(103.40)	(103.40)
3	Rent Income :				
	Vadilal Enterprises Ltd.	—	—	0.54	0.54
		(—)	(—)	(0.54)	(0.54)
4	Interest paid :				
	i) Vadilal Forex and Consultancy Services Ltd.	0.44	—	—	0.44
		(1.48)	(—)	(—)	(1.48)
	ii) Padm Complex Pvt.Ltd.	—	—	0.02	0.02
		(—)	(—)	(0.57)	(0.57)



Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
	iii) Veronica Construction P. Ltd	— (—)	— (—)	212.97 (40.46)	212.97 (40.46)
	iv) Kalpit Realty & Services Ltd	— (—)	— (—)	0.00 (16.38)	0.00 (16.38)
6	Salary paid :				
	i) Mamta R.Gandhi	— (—)	5.61 (1.08)	— (—)	5.61 (1.08)
	ii) Kalpit R. Gandhi	— (—)	5.46 (3.43)	— (—)	5.46 (3.43)
7	Interest Income :				
	Vadilal International Pvt.Ltd.	— (—)	— (—)	3.76 (3.75)	3.76 (3.75)
9	Royalty paid/payable :				
	Vadilal International Pvt.Ltd.	— (—)	— (—)	1.41 (1.38)	1.41 (1.38)
10	Loan & Advance Given				
	ii) Majestic Farm House Ltd.	— (—)	— (—)	0.00 (3.57)	0.00 (3.57)
	iii) Vadilal International Pvt.Ltd.	— (—)	— (—)	600.00 (0.00)	600.00 (0.00)
11	Loan & Advance Re-Paid				
	i) Vadilal International Pvt.Ltd.	— (—)	— (—)	375.25 (0.00)	375.25 (0.00)
12	Intercompany Deposit Received				
	i) Veronica Construction P. Ltd	— (—)	— (—)	4112.25 (1600.00)	4112.25 (1600.00)
13	Intercompany Deposit Re-paid/Adjusted:				
	i) Veronica Construction P. Ltd	— (—)	— (—)	5129.28 (0.00)	5129.28 (0.00)
	ii) Vadilal Forex and Consultancy Services Ltd.	15.38 (0.00)	— (—)	— (—)	15.38 (0.00)
14	Balance outstanding at year end :				
	a) Receivable :				
	Trade Receivables				
	i) Vadilal Enterprises Ltd.	— (—)	— (—)	832.37 (2987.97)	832.37 (2987.97)
	ii) Others	— (—)	— (—)	7.17 (11.67)	7.17 (11.67)
	Loans & Advances Given				
	i) Vadilal International Pvt.Ltd.	— (—)	— (—)	600.00 (375.25)	600.00 (375.25)
	ii) Vadilal Cold Storage	— (—)	— (—)	— (—)	86.00 (166.86)
	iv) Padm Complex Pvt Ltd	— (—)	— (—)	20.79 (20.69)	20.79 (20.69)
	Advance given to supplier:				
	i) Ambica Dairy Products	— (—)	— (—)	14.03 (-28.40)	14.03 (-28.40)
	c) Payable :				
	ICD Taken				
	i) Padm Complex Pvt.Ltd.	— (—)	— (—)	— (0.33)	— (0.33)
	ii) Vadilal Forex and Consultancy Services Ltd.	— (15.38)	— (—)	— (—)	— (15.38)
	iii) Veronica Construction P. Ltd	— (—)	— (—)	1216.29 (2020.90)	1216.29 (2020.90)

Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
d)	Against corporate guarantee given : Vadilal Enterprises Ltd.	— (—)	— (—)	1474.00 (924.00)	1474.00 (924.00)
e)	Against corporate guarantee taken:				
i)	Vadilal Enterprises Ltd.	— (—)	— (—)	800.00 (800.00)	800.00 (800.00)
ii)	Padm Complex & Volute Construction	— (—)	— (—)	9303.00 (9303.00)	9303.00 (9303.00)

Note : a) Transaction of sales are shown net of VAT & CST and Outstanding of Trade Receivables are inclusive of VAT/CST.

b) Pursuant to the deed of assignment executed on 30<sup>th</sup> March, 2013 between the company and Veronica Construction Pvt Ltd (assignee), amount recoverable from a party amounting to Rs.4129.28 Lacs has been assigned and adjusted against the amount borrowed from the assignee.

c) Figures in brackets relate to previous year.

d) Outstanding balance shown net of Acceptance.

### 27.3) Operating Lease:-

- The company has taken various residential, office and godown premises under operating lease or leave and licensee agreements. These are generally not non-cancellable and range between 11 months and 36 months under leave and licensee or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free Security deposits under certain agreements.
- Lease payments are recognised as expense in the Profit & Loss Statement on a straight line basis over the lease term under "Rent" in Note 24 "Other Expenses."
- The future minimum estimated operating lease payments under non cancellable operating lease: ( ₹ in Lacs )

Particulars	Not later than one year	later than one & not later than five years
Total of minimum	11.40	20.90
Lease Payments	(0.00)	(0.00)

Note: Figures in brackets relate to previous year.

### 27.4) Earning Per Share (EPS) :

The following reflect the profit and share data used in the basic and diluted EPS computation

	( ₹ in Lacs )	
	Current Year	Previous Year
Total Operation for the year		
Profit/(loss) after Tax	502.54	579.28
Net Profit/(loss) for calculating basic/diluted EPS	502.54	79.28
Weighted Avg. Number of Equity shares in calculating Basic/Diluted EPS	7187830	7187830

27.5) The figure of the subsidiary company and partnership firm are considered on the basis of its unaudited financial statements.

28) Previous year figures have been restated wherever necessary to make them comparable with current year's figures.

Signatures to Notes 1 to 28  
For KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

For and on behalf of the Board  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922  
Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013



**Auditors' Report to The Board of Directors of VADILAL INDUSTRIES LIMITED  
on the Consolidated Financial Statements.**

1. We have audited the attached consolidated balance sheet of **Vadilal Industries Limited**, ("the Company") and its partnership firm /Subsidiary as at **31st March 2012**, the consolidated Statement of Profit & Loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of partnership firm and subsidiary which in aggregate represent total assets (net) as at March 31, 2012 of Rs.534.66 lakhs and total revenues of Rs.539.78 lakhs and net cash inflows amounting to Rs.12.25 lakhs for the year ended on that date. Above figures have been considered in Consolidated Financial Statements based solely on the unaudited separate financial statements certified by the Management.
4. As stated in note 27.5, as the audited financial statements of partnership firm and subsidiary company, are not available, we have relied upon the unaudited financial statements as provided by the management for the purpose of our examination of consolidated financial statements.
5. Subject to our remark in paragraph 4 above :
  - (i) We report that consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
  - (ii) Based on our audit and on consideration of unaudited separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (a) in the case of consolidated balance sheet, of the state of affairs of the company, its partnership firm and Subsidiary as at 31st March 2013 ;
    - (b) in the case of the consolidated Statement of Profit & Loss ,of the Profit for the year ended on that date; and
    - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows for the year ended on that date.

**For KANTILAL PATEL & CO.,**  
CHARTERED ACCOUNTANTS  
Firm Registration No.104744W

**Date : May 30, 2013**  
**Place : Ahmedabad**

**Mayank S. Shah**  
**Partner**  
**Membership No.: 44922**



## FORM OF PROXY

### VADILAL INDUSTRIES LIMITED

Share Department : B/404, 4th Floor, "Time Square" Building,  
C.G. Road, Nr. Lal Bungalow Char Rasta,  
Navrangpura, Ahmedabad - 380 009.

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member/members of VADILAL INDUSTRIES LIMITED, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to vote for me/us on my/our behalf at the 28th Annual General Meeting of the members of the Company to be held on Saturday, the 29th September, 2012, at 2.30 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006 and at any adjournment thereof.

Ledger Folio No. \_\_\_\_\_

\*DP ID No. : \_\_\_\_\_

\*Client ID No. : \_\_\_\_\_

No. of Shares \_\_\_\_\_

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

Signature.....

Affix  
15 Paise  
Revenue  
Stamp

\* Applicable for investors holding shares in electronic form.

### IMPORTANT

- [1] This form duly completed and signed across the stamp as per specimen signature registered with the Company should be deposited at the Share Department of the Company as mentioned above not less than 48 hours before the time fixed for the commencement of the Meeting.
- [2] Revenue Stamp of 15 Paise is to be affixed on this form.
- [3] A Proxy need not be a member.



## ATTENDANCE SLIP

### VADILAL INDUSTRIES LIMITED

Share Department : B/404, 4th Floor, "Time Square" Building,  
C.G. Road, Nr. Lal Bungalow Char Rasta,  
Navrangpura, Ahmedabad - 380 009.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIP ON REQUEST.

Name	Regd Folio No. *DP ID No. and Client ID No.	No. of Shares held
Shareholder _____		
Proxy _____		

I hereby record my presence at the 28th Annual General Meeting of the members of the Company on Saturday, the 29th September, 2012, at 2.30 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006.

\* Applicable for investors holding shares in electronic form.

Signature of Shareholder(s)/Proxy

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