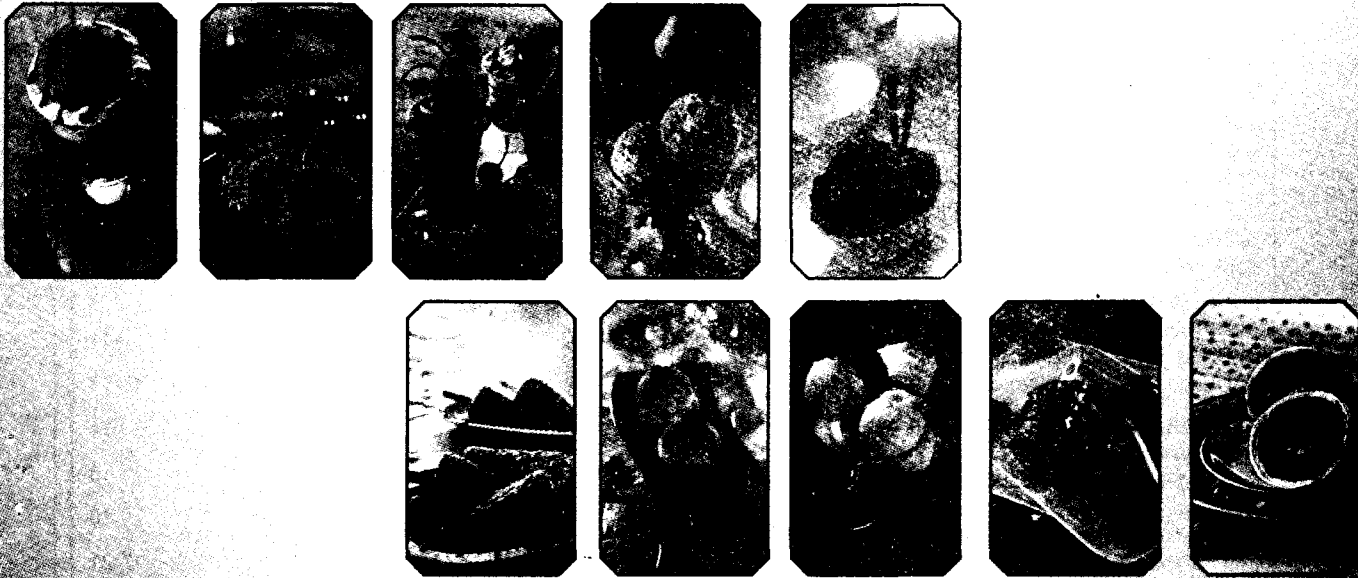


V-9

VADILAL ENTERPRISES LTD.



Happiness Ka Swaad



24th ANNUAL REPORT 2008-2009



**BOARD OF DIRECTORS****Chairman & Managing Director**

Ramchandra R. Gandhi

**Directors**

Virendra R. Gandhi

Rajesh R. Gandhi

Devanshu L. Gandhi

Laxmiprasad C. Amin

Jayantilal M. Shah

**COMPANY SECRETARY**

Ruchita Gurjar

**AUDITORS**

M/s. Kantilal Patel &amp; Co.

Chartered Accountants, Ahmedabad

(A member firm of Polaris International, USA)

**BANKER**

Bank of India

**REGISTERED OFFICE**

A/801, 8th Floor, "Time Square" Building,

C. G. Road, Nr. Lal Bungalow Char Rasta,

Navrangpura, Ahmedabad - 380 009.

**REGISTRAR & SHARE TRANSFER AGENT**

(For physical &amp; demat)

MCS Limited, 101, Shatdal Complex,

1st Floor, Opp. Bata Show Room,

Ashram Road, Ahmedabad - 380 009.

(Phone: 079-26582878, 26584027)

(Fax: 079-26581296)

**SHARE DEPARTMENT**

Vadilal House, Shrimali Society,

Nr. Navrangpura Rly. Crossing,

Navrangpura, Ahmedabad - 380 009.

(Phone: 079-26564018 to 23, 66146146)

(Fax : 079-26564027)

**FOREX ADVISORY SERVICES**

Vadilal House, Shrimali Society,

Nr. Navrangpura Rly. Crossing,

Navrangpura, Ahmedabad - 380 009.

(Phone: 079-26564018 to 23, 66146146)

(Fax : 079-26564026)

**24<sup>th</sup> ANNUAL GENERAL MEETING**

Day - Tuesday

Date - 29th September, 2009

Time - 12.30 p.m.

Venue - GICEA, Gajjar Hall, Nirman Bhavan,  
Opp. Law Garden, Ellisbridge,  
Ahmedabad - 380 006.**CONTENTS****PAGE NO.**

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E-mail for Investor Grievances : [shareslogs@vadilalgroup.com](mailto:shareslogs@vadilalgroup.com)Web : [www.vadilalgroup.com](http://www.vadilalgroup.com) • [www.vadilalmarkets.com](http://www.vadilalmarkets.com)**Notes :**

1. The Company has appointed MCS Limited, having its office at 101, Shatdal Complex, 1<sup>st</sup> Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone: 079-26582878, 26584027) (Fax: 079-26581296), as its Registrar & Share Transfer Agent and assigned all the work related to share registry in terms of both physical and electronic to MCS Limited.

Members are requested to send their all correspondence relating to Shares including transfer, transmission, demat, remat, change of address, lost certificate, dividend, etc. to MCS Limited (mention as Unit: Vadilal Enterprises Ltd.) at the above mentioned address or to the Company at its Share Department.

2. Members are requested to bring their copy of Annual Report to the meeting, as copies of Annual Report will not be distributed at the meeting.
3. 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 TEN days before the date of the meeting.
4. Members who hold Shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.



## SHAREHOLDER INFORMATION

**1. Name of Company**

Vadilal Enterprises Limited

**2. Company CIN No. :**

L51100GJ1985PLC007995 (Old Registration No. 04-7995)

**3. Fixed Deposit Department & Forex Advisory Services :**

Fixed Deposit Department and Forex Advisory Services of the Company are operated at the following address :

Vadilal House, Shrimali Society,  
Near Navrangpura Railway Crossing,  
Navrangpura, Ahmedabad - 380 009.  
(Phone: 079-26564018 to 23, 66146146) (Fax: 079-26564027)

**4. Book-Closure**

Book-Closure from 14th September, 2009 to 29th September, 2009 (both days inclusive) for the purpose of payment of Dividend of Rs. 1/- per share (@10%) as recommended by the Board and if declared at the meeting and to determine the members eligible for the said dividend.

**5. Stock Exchanges where the Shares are listed :**

<b>BOMBAY STOCK EXCHANGE LTD.</b>	<b>AHMEDABAD STOCK EXCHANGE LTD.</b>
(Security Code No. 519152)	(Security Code No. 64510)
Department of Corporate Services, 1st Floor, Rotunda Building, Dalal Street, Fort, B. S. Marg Mumbai - 400 001. (Phone: 91-22-2272 1234 / 1233) (Fax : 91-22-2272 2082 / 3132)	Kamdhenu Complex, Nr. Polytechnic, Panjrapole, Ambawadi, Ahmedabad - 380 015. (Phone: 079-26307971-77) (Fax: 079-26308877)

The Annual Listing Fees upto the Financial Year 2009-2010 have been duly paid to the above Stock Exchanges.

**6. Security Code :**

Bombay Stock Exchange Ltd.	-	519152
Ahmedabad Stock Exchange Ltd.	-	64510
ISIN Number	-	INE693D01018

**7. Dematerialisation of Shares :**

The Company, consequent to introduction of Depository System (DS), entered into an agreement with NSDL and CDSL and has established an electronic connectivity with both the 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 numerous advantages offered by DS, the members are requested to avail the facility of dematerialisation of the Company's shares on the Depository 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 and CDSL and lodge your share certificates with your DP for Dematerialisation. The DP will then ensure that the physical share certificates are canceled 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.

**8. Registrar & Share Transfer Agent :**

The Company has entrusted the work of Dematerialisation/Rematerialisation of shares to an outside Registrar, viz. MCS Ltd., Ahmedabad. As per SEBI Circular No. D&CC/FITTC/CIR-15/2002, dated 27-12-2002, the Company has assigned all the work related to Share Registry in terms of both physical and electronic to MCS Ltd., Ahmedabad. 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. (Phone: 079-26582878, 26584027) (Fax: 079-26581296)

**9. Share Transfer System :**

Presently, share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. Share Transfer Committee of the Board meets at regular intervals to



approve transfers, issue of duplicate certificates, consolidation and splitting of shares etc.

As required under Clause 47(c) of Listing Agreement with Stock Exchanges, a certificate is obtained every six months from a Practicing Company Secretary, with regard to, inter alia, effecting transfer, transmission and consolidation within one month of their lodgment. The certificates are forwarded to BSE and ASE, where the equity shares are listed.

In terms of SEBI's circular dated 31st December, 2002, a Secretarial Audit is conducted on a quarterly basis by Practicing Company Secretary for the purpose of reconciliation of the total Admitted Equity Share Capital with the Depositories and in the physical form with the total issued public paid-up Equity Capital of the Company. Certificates issued in this regard are forwarded to ASE and BSE, where the Equity Shares are listed.

**10. Distribution of Shareholding as on 31st March, 2009 :**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Total Shares
Up to 500	1738	92.94	275897	31.71
501 to 1000	60	3.21	47017	5.40
1001 to 2000	26	1.39	40023	4.60
2001 to 3000	11	0.59	26995	3.10
3001 to 4000	9	0.48	31761	3.65
4001 to 5000	5	0.27	22544	2.59
5001 to 10000	11	0.59	74495	8.56
10001 to 50000	9	0.48	225216	25.88
50001 & above	1	0.05	126200	14.50
<b>Total</b>	<b>1870</b>	<b>100.00</b>	<b>870148</b>	<b>100.00</b>

**11. Categories of Shareholders as on 31st March, 2009 :**

Sr. No.	Category of Shareholders	No. of Equity Shares held	% of Total Shares
1	Directors, Relatives & HUF	157608	18.11
2	NRIs/OCBs	713	0.08
3	Bodies Corporate	316369	36.36
4	HUF	10676	1.23
5	Public	384782	44.22
<b>Total</b>		<b>870148</b>	<b>100.00</b>

**12. Address of Registrar of Companies (ROC), Gujarat :**

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

**13. Consolidation of Folios :**

Some of the members might have more than one folio in their individual name or jointly with other person(s) mentioned in the same order. It is desirable to consolidate all similar holdings under one folio. Consolidation helps the members to monitor their holdings effectively. By doing so, it would also enable the Company to avoid unnecessary duplication of effort and related costs. Please write to the Company at the address of Share Dept. given above, requesting in writing, quoting the folio numbers that need to be consolidated and send the relevant Share Certificates.

**14. Nomination facility :**

The Companies (Amendment) Act, 1999 has provided for a facility of nomination in the Shares of a Company. 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 Dept. of the Company. It is advisable to avail of this facility especially by Shareholders who currently hold Shares in single name.

The Nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the Shares shall vest in the event of the death of the Shareholders. A minor can be a nominee provided the name of the guardian is given in the Nomination Form.

The facility of the nomination is not available to non-individual Shareholders such as Societies, Trusts, Bodies Corporate, Partnership Firms, Kartas of HUF and holders of Powers of Attorney.

In case of any assistance, please contact at the Share Dept. of the Company at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009. Telephone Nos 079-26564018 to 23, 66146146 and Fax No. 079 - 26564027.



## NOTICE

NOTICE is hereby given that the 24<sup>th</sup> ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on Tuesday, the 29th September, 2009, at 12.30 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380006 to transact the following business :

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account 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, 2009.
- 3) To appoint a Director in place of Mr. Rajesh R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Laxmiprasad C. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad 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 authorize 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) **Re-appointment of Mr. Ramchandra R. Gandhi, as a Managing Director of the Company for a further period of 5 years with effect from 1<sup>st</sup> October, 2009 with payment of remuneration.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 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 and clarifications 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 and as recommended by the Remuneration Committee, consent of the Company be and is hereby accorded to the re-appointment of Mr. Ramchandra R. Gandhi, as a Managing Director of the Company for a further period of Five (5) years with effect from 1<sup>st</sup> October, 2009 and payment of salary, 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. Ramchandra 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 on the said re-appointment and / or salary, 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. Ramchandra 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. Ramchandra 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. Ramchandra R. Gandhi as a Managing Director of the Company, 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 the terms & conditions 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 of the Act and the terms of the aforesaid Agreement between the Company and Mr. Ramchandra 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 considered necessary, appropriate, expedient or desirable to give effect to this resolution and to execute necessary documents / agreements / letters, on behalf of the Company."

- 7) **Alteration of Articles of Association of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force and as may enacted from time to time), Article No. 121 of the Articles of Association of the Company be and is hereby altered by substituting the following Clause as new Article No. 121, in place of the existing Article No. 121 of the Articles of Association of the Company:

### THE SEAL:

121. The Board shall provide for the safe custody of the Seal and the seal never be used except by the authority previously given by the Board or



committee of the Board authorised by the Board in that behalf and save as provided by Article 13 thereof, the Seal shall not be affixed to any instrument except by or under the authority of the Board of Directors or a Committee of the Board previously given and in presence of (a) any two Directors of the Company or (b) one Director and the Company Secretary of the Company or (c) one Director and any other person as may be authorised by the Board for that purpose or (d) any person as may be authorised by the Board for that purpose, who shall sign every instrument to which the Seal is so affixed in their/his presence. Provided further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and their statutory modification for the time being in force.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby severally authorised to file necessary forms with the office of the Registrar of Companies, Gujarat at Ahmedabad, under MCA-21 Portal, for giving effect of the aforesaid alteration in the Articles of Association of the Company, and to do all such acts, deeds, matters and things as may be required in this connection."

By Order of the Board  
For **VADILAL ENTERPRISES LIMITED**

**RAMCHANDRA R. GANDHI**  
Chairman & Managing Director

**Registered Office:**

A/801, 8th Floor, "Time Square",  
C. G. Road, Nr. Lal Bungalow  
Char Rasta, Navrangpura,  
Ahmedabad - 380 009.

Dated : 31st July, 2009.

**NOTES :**

1. **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 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.

2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holders who is higher in the order of names will be entitled to vote.
4. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above Notice is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2009 to 29th September, 2009 (both

days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended 31st March, 2009 as recommended by the Board and if declared at the meeting.

6. Dividend of Re. 1.00/- per share (@ 10%) on Equity Shares for the year ended on 31st March, 2009 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 12th September, 2009, 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 13th September, 2009.

7. Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address etc. to MCS Limited, Registrar & Share Transfer Agent of the Company at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone: 079 - 26582878, 26584027) (Fax: 079 - 26581296) or at the Share Department of the Company situated at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad-380 009.

8. Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.e.f. 31<sup>st</sup> October, 1998, members holding shares in physical form may file Nomination Forms in respect of their shareholdings. Such members willing to avail of this facility may submit to the Company at the Share Department the prescribed Form 2B or write to or contact at Share Department of the Company for assistance.

9. Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unclaimed dividend declared upto the Financial Year ended 31st March, 1994 to the General Revenue Account of the Central Government as per Rule 4A of 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 up to 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 - 380013.

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, 31st March, 1998, 31<sup>st</sup> March, 1999, 31st March, 2000 and 31<sup>st</sup> March, 2001 to the Investor Education and Protection Fund established by the Government under Section 205C(1) of the Act.

However, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred



to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members, who have not yet encashed their dividend warrant(s) for the Financial Year ended 31st March, 2002 onwards, are requested to make their claims to the Company accordingly, without any delay.

10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. 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 at its Share Department or to MCS Limited at the address mentioned above 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.
12. All documents referred to in the accompanying Notice are open for inspection for the members, at the Share Department of the Company, during office hours on all working days between 2.00 p.m. to 4.00 p.m. upto the date of the Annual General Meeting.

#### 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 shall be taken as forming part of the Notice.

#### ITEM NO. 6

The present term of office of Mr. Ramchandra R. Gandhi, as a Managing Director of the Company will expire on 30<sup>th</sup> September, 2009. The Board of Directors of the Company at their meeting held on 31st July, 2009 has, subject to the approval of Shareholders in General Meeting by passing a Special Resolution and approval of the Central Government, if applicable, re-appointed Mr. Ramchandra R. Gandhi as a Managing Director of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> October, 2009, 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. Ramchandra R. Gandhi.

Pursuant to the provisions of Schedule - XIII to the Companies Act, 1956, the Remuneration Committee of the Company has, at its meeting held on 31st July, 2009, approved the terms and conditions of payment of salary, perquisites, allowances and commission to Mr. Ramchandra R. Gandhi, as mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Ramchandra R. Gandhi, subject to the approval of shareholders of the Company at a General Meeting, by way of a Special Resolution and approval of the Central Government, if applicable.

Mr. Ramchandra 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 business. He is a senior member on the Board of Directors of the Company. Considering the above, your Directors are of the opinion that it is in the interest of the Company to re-appoint 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 initiated 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 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the principle terms and conditions, as contained in the draft Agreement relating to re-appointment and particularly payment of remuneration to Mr. Ramchandra 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> October, 2009.
- 3) Salary : Rs. 80,000/- (Rupees Eighty Thousand only) per month as Basic Salary.
- 4) Perquisites & Allowances :

In addition to the basic salary, Mr. Ramchandra R. Gandhi shall be entitled the following perquisites and allowances. The perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost :

#### Category - A :

- a) House Rent Allowance (HRA) : Rs. 30,000/- per month in lieu of accommodation (furnished or otherwise).
  - b) Medical reimbursement : Expenses incurred for the Managing Director and his family shall be subject to Rs. 2,500/- per month.
  - c) Club Fees : Fees of Clubs subject to Rs. 4,800/- per annum excluding admission and life membership fees.
  - d) Personal Accident and Mediclaim Insurance Premium : For self and family, total premium not to exceed Rs. 30,000/- per annum.
  - e) Such other privileges, facilities, perquisites and amenities as per Rules of the Company.
- Explanation : For the purpose of perquisites and allowances, family means the spouse, the dependent children and dependent parents of the Managing Director.

#### Category - B :

- 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.



### Category - C

- a) 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.
- b) Encashment of leave as per Rules of the Company will not be included in the ceiling on perquisites.

### 5) 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. Ramchandra R. Gandhi shall also be entitled for such financial year to a Commission at the rate of 1 % 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.

- 6) The Company shall also reimburse 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) **Minimum Remuneration :** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Ramchandra 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).

- 8) The terms and conditions of payment of salary, perquisites, allowances and commission specified herein above may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and the Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to the 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.

- 9) 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 Committees thereof.

- 10) The Managing Director shall not be liable to retire by rotation.

- 11) For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

The Board therefore recommends the special resolution for approval of the members for re-appointment of Mr. Ramchandra R. Gandhi as a Managing Director of the Company and payment of remuneration and commission

as mentioned above. Pursuant to the provision of Schedule XIII to the Companies Act, 1956, the approval of shareholders of the Company by way of a Special Resolution is required, as Mr. Ramchandra R. Gandhi has already attained the age of 70 years.

The explanation together with the accompanying notice shall 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. Ramchandra R. Gandhi under Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into by the Company with Mr. Ramchandra R. Gandhi and referred to in the Resolution contained in item No. 6 of the Notice is available for inspection to any Members at the Share Department of the Company on all working days, between 2.00 p.m. and 4.00 p.m. upto the date of the Annual General Meeting.

Mr. Ramchandra R. Gandhi is interested in the resolution. Mr. Virendra R. Gandhi and Mr. Rajesh R. Gandhi, the Directors of the Company, being related to Mr. Ramchandra 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. 7

At present, pursuant to Article No. 121 of the Articles of Association of the Company, the Common Seal of the Company is required to be affixed on any instrument in presence of at least two Directors of the Company or at least one Director and Secretary or any other person duly authorised by the Board, who shall sign the same in token thereof.

Now, the Company proposes to alter Article No. 121 of the Articles of Association of the Company by substituting a new Clause as Article No. 121 in place of the the existing Article No. 121 of the Articles of Association of the Company, authorising any other person as may be authorised by the Board, in addition to the Directors and Company Secretary of the Company, to affix Common Seal of the Company on any instrument and to sign the same, so as to facilitate expeditious execution of documents.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, the approval of Members of the Company by way of a Special Resolution is required to be obtained for the purpose of alteration in Articles of Association of the Company.

A copy of the Articles of Association of the Company together with the proposed alteration, is available for inspection to the members at the Share Department of the Company during 2.00 p.m. to 4.00 p.m. on any working day of the Company, upto the date of the meeting.

The Board proposes the resolution to the members for their approval.

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

By Order of the Board  
For VADILAL ENTERPRISES LIMITED

**RAMCHANDRA R. GANDHI**  
Chairman & Managing Director

### Registered Office:

A/801, 8th Floor, "Time Square",  
C. G. Road, Nr. Lal Bunglow  
Char Rasta, Navrangpura,  
Ahmedabad - 380 009.

Dated : 31st July, 2009.





## DIRECTORS' REPORT

To,  
The members,  
**VADILAL ENTERPRISES LIMITED**  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 24<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2009.

## FINANCIAL RESULTS

(Rs. in Lacs)

Sr. Particulars No.	Year ended 31-3-2009	Year ended 31-3-2008
(a) Profit for the year before Depreciation and Financial Expenses	481.86	546.08
(b) Less: Depreciation Financial Expenses	410.88 19.49	396.16 43.33
(c) Profit before tax and Exceptional items	51.49	106.59
(d) Prior period adjustments	0.00	57.02
(e) Profit before tax	51.49	49.57
(f) Provision for Tax		
- Current	74.25	68.50
- Deferred Tax [Net (Credit)/Charge]	(55.77)	(51.73)
- Fringe Benefit Tax	31.00	15.00
- Short/(Excess) Provision of Income Tax/Fringe Benefit Tax of earlier years written off (written back)	(7.76)	1.75
(g) Net Profit after Tax	9.77	16.05
(h) Balance brought forward	64.37	48.32
Amount available for Appropriation	74.14	64.37
<b>APPROPRIATION:</b>		
- Proposed Dividend	8.70	0.00
- Dividend Tax thereon	1.48	0.00
- Balance Profit carried to Balance Sheet	63.96	64.37
	74.14	64.37

## TURNOVER & PROFITS

In spite of stiff competition in the market particularly in Ice-Cream business during the year under review, your Company has achieved sales turnover of Rs. 15,664.22 lacs as compared to sales turnover of Rs. 13,604.72 lacs achieved during the previous year ended on 31<sup>st</sup> March, 2008.

Your Company has earned the Gross Profit of Rs. 481.86 lacs as compared to Rs. 546.08 lacs earned during the previous year ended on 31<sup>st</sup> March, 2008. Your Company has earned the Net Profit of Rs. 9.77 lacs during the year under review as compared to Net Profit of Rs. 16.05 lacs earned during the previous year ended on 31<sup>st</sup> March, 2008.

## DIVIDEND

The Directors have recommended dividend of Re. 1/- (@ 10%) on 8,70,148 Equity Shares of Rs. 10/- each of the Company for the financial year ended on 31<sup>st</sup> March, 2009. This will absorb Rs. 8.70 lacs. The corporate dividend tax payable by the Company on the said dividend will be Rs. 1.48 lacs.

If approved, the dividend will be paid without deduction of tax at source to those shareholders whose names appear in the Register of Members of the Company as on 29<sup>th</sup> September, 2009.

## OPERATIONS - MARKETING FOCUS

### Ice-cream Division

India being the largest milk producer in the world with an annual production of more than 100 million tons, a huge potential of value

added dairy products like ice creams. Total Indian market size including organized and unorganized is approx Rs. 2500 Cr., out of which organized sector contributes round about Rs. 1200 Cr. There is huge untapped potential of specialized ice-cream outlets at malls and other public flow areas - major city points where people used to visit very frequently.

The Ice-cream division of the Company is showing a sustainable growth year to year, which has been triggered by increasing demand for newer varieties & change in consumer preferences which has been catered by novel products & providing value addition to the consumers. There is considerable increase in demand for impulses & novelties. There is a completely new segment of market developing which consist of catering & institutional customers from where, a large chunk of revenue is generated. Ice-cream industry in India is growing at rate of 12-13% whereas the Company is growing at CAGR of 17%.

Vadilal has received total 7 awards in the Great Indian Ice-Cream Contest organised by Indian Dairy Association (IDA) & Danisco, in December, 2008.

### Processed Food Division

It is estimated that size of global processed food market is US\$3.2 trillion and add to that 80% of the total agricultural products are processed and packaged in the developed countries. This fact in itself indicates that there is tremendous growth potential for Indian processed food industry in years to come. In recent times, many new entrants including MNCs and Indian corporates have commissioned processing facilities in India to derive maximum advantage from this growing industry.

The year 2008-09 was one more successful year for the Vadilal PFD Domestic Division. The division achieved Sales growth of 19.54% in the year. Apart from getting good sales from the popular products like Green Peas and Mango Pulp etc., the division has also introduced new products e.g. Custard Apple Pulp, Pine Apple Pieces and Green Gram and Baan & Kulcha (Re-launched RTS Curries and improved Half Cooked Parathas, too). The division has also made special efforts to strengthen its network in the states Chhattisgarh and Maharashtra by appointing new Distributors and enhancing the sales of the existing distributors.

In the coming year 2009-2010, the division is looking to expand its network in the new territories like Kolkatta, Delhi and M.P.

### Forex Division - Forex Advisory and Exposure Management Service LME Base Metal and Bullion Advisory Service

The Division in its 14<sup>th</sup> year of operations has achieved few milestones to count few : 1) Only such service provider on all India basis having ISO certification. 2) Live and on line information of currencies movements of all major world traded currencies on spot and forward value on the website - www.vadilalmarkets.com which has been described by many as complete FOREX kiosks. 3) The Division has largest member subscribers in Gujarat and evenly spreading member subscribers fold outside the State. 4) The Division has recently started preparation of FOREX Risk Management Policy for the largest corporate level companies in terms of one of the requirement of RBI. 5) The Division has Franchisee arrangements at Rajkot, Mumbai and Pune and during the year planning to add few more places. 6) The Division has Channel Partnership arrangement established with Pune base IT company for their web base pricing solution, viz., IONPOT.

Forex Division of the Company has received ISO 9000:2000 certificate from Intertek Systems towards quality management system for its Forex Advisory Services.

## FINANCE

During the year under review, the Company has restructured the installments of old Term Loan of Rs. 3 Crores availed from IDBI Bank Ltd., for one year. Further, the Company has surrendered the working capital facilities of Rs. 50.00 lacs, out of the total working capital facilities of Rs. 405.00 lacs availed from Bank of India, Ahmedabad Corporate Banking Branch.

During the year under review, the Company has availed full disbursement of the Term Loan of Rs. 90.48 lacs out of total term loan of Rs. 400 lacs from Bank of India, Ahmedabad.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001, the Company has transferred the unclaimed dividend amount of Rs. 6328/- declared for the financial year ended on 31<sup>st</sup> March, 2001 to the Investor Education and Protection Fund established by the Government of India under Section 205C(1) of the Companies



Act, 1956.

#### **FIXED DEPOSITS**

The Company has no overdue deposits outstanding other than those unclaimed of Rs. 2.30 lacs as on 31<sup>st</sup> March, 2009. As on date of this report, the deposits aggregating Rs. 0.10 lacs thereof have been claimed and either paid or renewed. The Company has accepted fixed deposits of Rs. 50.53 lacs from the Public and the Shareholders during the year - 2008-2009, 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 31<sup>st</sup> March, 2009 stood at Rs. 78.75 lacs.

#### **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 :

1. 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;
2. 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, 2009 and of the profit or loss of the Company for that year;
3. 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;
4. that they have prepared the Annual Accounts on a going concern basis.

#### **ADDITIONAL DISCLOSURES**

In line with the requirements of 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 Employees Benefit, Foreign Currency Transaction, Related Party Transactions, Taxes on Income & Expenses, Calculation of EPS etc.

#### **COMPLIANCE CERTIFICATE**

Pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001, the Compliance Certificate received by the Company from Mr. Ashish C. Doshi, a Company Secretary in Whole-time Practice, certifying that the Company has complied with all the provisions of the Companies Act, 1956 during the financial year ended on 31st March, 2009 (2008-2009) has been annexed hereto and forming part of the Directors' Report.

#### **DEPOSITORY SYSTEM**

Your Company has established electronic connectivity with the Depositories, NSDL and CDSL. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's shares on NSDL and CDSL as aforesaid.

The ISIN number allotted to the Company is INE693D01018.

#### **INSURANCE**

All insurable interests of the Company including inventories, plant and machinery, vehicles and other insurable interest are adequately insured.

#### **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 and Ahmedabad Stock Exchange Limited.

The Company confirms that it has paid Annual Listing Fees due to the above Stock Exchanges upto the Financial Year - 2009-2010.

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

Particulars relating to Conservation of Energy and Technology Absorption are not given, as it appears that the Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988 is not

applicable to the Company due to the nature of the Company's business operations, being Marketing Company.

There is no any Foreign Exchange Earnings and Outgo during the year under review.

#### **DIRECTORS**

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rajesh R. Gandhi and Mr. Laxmiprasad C. Amin, Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. 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 present term of office of Mr. Ramchandra R. Gandhi, Chairman and Managing Director of the Company shall expire on 30<sup>th</sup> September, 2009 and it is proposed to re-appoint him as a Managing Director of the Company, for a further period of 5 years with effect from 1<sup>st</sup> October, 2009, on the terms and conditions as to the re-appointment and payment of remuneration, perquisites, allowances and commission as mentioned in the draft Agreement to be entered into between the Company and Mr. Ramchandra R. Gandhi. Necessary resolution has been incorporated in the Notice of the Annual General Meeting seeking Members approval for re-appointing Mr. Ramchandra R. Gandhi, as a Managing Director of the Company.

#### **PARTICULARS OF EMPLOYEES**

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are not applicable to the Company, since none of the employees of the Company, including Managing Director, was in receipt of total remuneration of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. during the year under review.

#### **REGISTERED OFFICE**

The Registered Office of the Company has been shifted from 5th Floor, Aditya Building, Opp. Sardar Patel Seva Samaj Hall, Off. C.G. Road, Nr. Mithakhali Six Roads, Ahmedabad-380006 to A/801, 8th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bunglow Char Rasta, Navrangpura, Ahmedabad - 380 009 w.e.f. 17th November, 2008.

#### **AUDITORS**

M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad, hold office as Statutory Auditors of the Company until the conclusion of this Annual General Meeting and the Board recommends their re-appointment till the conclusion of the next Annual General Meeting. The Company has received a certificate from Auditors under Section 224(1) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act. Members are requested to consider their re-appointment as Statutory Auditors of the Company for the current year at a remuneration to be decided by the Board of Directors.

#### **TRADE RELATIONS**

The Board desires to place on record its appreciation of the support and co-operation that your Company received from Distributors, Dealers, Stockiest, C&F Agents, Retailers and all others associated with your Company. It will be your Company's continued endeavor to build and nurture strong links with the trade, based on mutuality, respect and co-operation and consistent with the consumer interest.

#### **ACKNOWLEDGMENTS**

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

The Board of Directors is overwhelmed with dedicated and sincere services of the employees of the Company at all levels.

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

By Order of the Board of Directors

RAMCHANDRA R. GANDHI  
Chairman & Managing Director

Date : 31st July, 2009  
Place : Ahmedabad



CIN :L51100GJ1985PLC007995

**FORM**  
**[SEE RULE 3]**  
**COMPLIANCE CERTIFICATE**

To  
The Members  
Vadilal Enterprises Limited  
Ahmedabad.

I have examined the registers, records, books, and papers of **Vadilal Enterprises Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on **31st March, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. the company has kept and maintained all registers as stated in the Annexure "A" to this certificate, as per the provisions and rules made there under and all entries therein have been duly recorded.
2. the company has duly filed forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. the company being a limited company, restrictive provisions applicable to private limited company are not applicable and therefore comments are not required.
4. the Board of Directors duly met 4 (four) times on 27/06/2008, 30/07/2008, 24/10/2008 and 28/01/2009 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose. The Company has passed a Circular Resolution on 17<sup>th</sup> November, 2008, regarding shifting of Registered Office of the Company within the city, notices of which has been given to all the Directors then in India and at the usual Residential Address to all other Directors.
5. the company closed its Register of Members and Share Transfer Books from 15/09/2008 to 26/09/2008 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. the Annual General Meeting for the financial year ended on 31/03/2008 was held on 26/09/2008 after giving due notice to the members of the company and the resolutions thereat were duly recorded in the Minutes Book maintained for the purpose.
7. no Extra Ordinary General Meeting was held during the financial year.
8. the company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. the company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. the company has made necessary entries in the register maintained under section 301 of the Act.
11. there were no instances requiring approval under section 314 of the Act.
12. duly constituted committee of directors called Share Transfer Committee has approved the issue of duplicate share certificates.
13. the company :
  - (i) has delivered all the certificates on lodgment thereof for transfer, transmission or any other purpose in accordance with the provisions of the Act;
  - (ii) was not required to deposit any amount of dividend in a separate bank account as no dividend was declared;
  - (iii) was not required to pay/post any divided warrants as no dividend was declared and there was no question of transferring unpaid/unclaimed dividend to unpaid Dividend Account;
  - (iv) transferred the amount of Rs. 6328/- on 17/11/2008 being unpaid/unclaimed dividend for the year 2000-2001, which have remained unclaimed or unpaid for a period of seven years, to Investor Education and Protection Fund vide Challan No. A50215342 dated 17/11/2008 and has also filed Form No. 1 along with list in Form No. 1A duly certified by a Practicing Company Secretary, with the office of the Registrar of Companies, Gujarat at Ahmedabad, under MCA-21 system vide Challan No. A51946291, dated 10/12/2008.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. the Board of Directors of the company is duly constituted. No appointment of any director has been made during the year under review.
15. the Company has not appointed any Managing Director during the year under review.
16. the Company has not appointed any sole selling agents during the year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. the company has not issued any securities during the financial year.



20. the company has not bought back any shares during the year ended on 31/03/2009.
21. the company was not required to redeem any preference shares or debentures during the financial year.
22. the company, wherever necessary, has kept in abeyance rights to dividend, pending registration of transfer of shares in compliance with the provisions of the Act.
23. the company has complied with the provisions of Section 58A and 58AA read with the Companies (Acceptance of Deposits) Rules, 1975, applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, amounting to Rs. 0.47 lacs from shareholders and Rs. 50.06 lacs from public aggregating to Rs. 50.53 lacs. However, after deducting amount of deposits repaid during the year, balance of outstanding deposits from Shareholders was Rs. 0.57 lacs and from Public was Rs. 78.18 lacs aggregating to Rs. 78.75 lacs as per the Return of Deposits for the year ended on 31-03-2009 duly certified by the Company and the Auditors. The Company has filed Text of Advertisement with the Registrar of Companies, Gujarat on 27/09/2008 and has also filed Return of Deposit as on 31-03-2008 with the Registrar of Companies on 26/06/2008 as required under the Act.
24. the amount Borrowed by the Company from its Directors, Members, Public Financial Institutions, Banks and others during the financial year ended on 31/03/2009 are within the borrowing limits of the company and that necessary resolution as per section 293 (1)(d) of the Act had been passed on 30/09/1995 in duly convened Annual General Meeting.
25. The company has not made any loans and investments, or given guarantees or provided securities to other Bodies Corporate which is not in compliance with the provisions of the Act and has made necessary entries in register kept for the purpose.
26. the Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum of Association with respect to the Objects of the company during the year under scrutiny.
28. the Company has not altered the provisions of Memorandum of Association with respect to the name of the company during the year under scrutiny.
29. the Company has not altered provisions of Memorandum of Association with respect to the Share Capital of the company during the year under scrutiny.
30. the Company has not altered Articles of Association during the year under scrutiny.
31. no prosecutions were initiated against the company and no show cause notices were received by the company for alleged offences under the Act and no fines, penalties and punishments were imposed on the company in any cases.
32. the balance of the amount of the Security Deposits received from its employees as per the Audited Accounts of the Company, shows the net balance of Rs. 91,384/-, which has been kept in a Seperate Bank Account as required under Section 417 of the Companies Act, 1956.
33. the Company had normally deposited both employees and employers contributions to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Signature : Sd/-

Place : Ahmedabad  
Date : 30th June, 2009

Name of Company Secretary : Ashish C. Doshi  
C. O. P. No. : 2356

### Annexure A

Registers maintained by the company :

<u>Sr No.</u>	<u>Section</u>	<u>Name of the Register</u>
1.	108	Share Transfer Register (in electronic form)
2.	143	Register of Charges
3.	150	Register of Members (in electronic form)
4.	151	Index of Members (in electronic form)
5.	193	Minutes of Meeting of Board of Directors
6.	193 (1)	Minutes of General Meetings
7.	209(1)	Books of Accounts
8.	301	Register of Contracts (Companies and Firms in which directors are interested)
9.	303	Register of Directors
10.	307	Register of Director's Shareholding
11.	372 A	Register of Loans made to other companies, Investments in securities of other bodies Corporate and Guarantees given.
12.	Table A	Attendance Register of Directors



### Annexure B

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the financial year ended on 31st March, 2009.

<b>Sr. No.</b>	<b>Particulars of Form/Return</b>	<b>Section</b>	<b>Description of the Document</b>	<b>Date of filing and ROC Receipt No./SRN</b>
01	Form - 23AC & Form - 23ACA	220	Balance Sheet as at 31/3/2008 and Profit & Loss Account in Schedule VI	SRN P27083609 dated 26/11/2008.
02	Form - 20B	159	Annual Return as on 26/09/2008 in Schedule V	SRN P27081454 dated 03/12/2008
03	Form - 66	383A	Compliance Certificate for year ended on 31/03/2008	SRN P24283236 dated 05/11/2008.
04	Form - 62	58A read with Companies (Acceptance of Deposit) Rules, 1975	Text of Advt. inviting Deposits dtd. 30/06/2008	SRN A44175180 dated 09/09/2008.
05	Form - 62	58A read with Companies (Acceptance of Deposit) Rules, 1975	Return of Deposits as on 31/03/2008	SRN A40197634 dated 26/06/2008.
06	Form - 1 of IEPF Rules.	205 read with IEPF Rules	Transfer of unpaid/ unclaimed dividend for the year 2000-2001 deposited with bank on 17/11/2008 to Central Govt.'s IEPF A/c	Submitted on 10/12/2008 vide SRN A51946291
07	Form - 32	303 (2)	Particulars of appointment of Company Secretary	SRN 35364454 dated 09/04//2008
08	Form - 23 B	224	Intimation for appointment of Statutory Auditors	SRN A462110142 dated 04/10//2008
09	Form - 18	Section - 146 of the Companies Act, 1956	Notice for change in situation of Registered Office of the Company.	SRN A50793124 dated 24-11-2008

Signature : Sd/-

Place : Ahmedabad

Name of Company Secretary : Ashish C. Doshi

Date : 30th June, 2009

C. O. P. No. : 2356



## AUDITORS' REPORT

To,  
The Members of  
Vadilal Enterprises Limited  
Ahmedabad.

1. We have audited the attached balance sheet of **Vadilal Enterprises Limited** as at **March 31, 2009**, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure here to a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - (ii) 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.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of the written representations received from directors, as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956, on the said date.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009;
    - (b) in the case of the profit & loss account, of the 'profit' of the company 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.

For **KANTILAL PATEL & CO.,**  
Chartered Accountants

Mayank S. Shah  
Partner

Membership No.: 44922

Place : Ahmedabad  
Date : June 30, 2009

## ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF VADILAL ENTERPRISES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009.

- (i) In respect of its fixed assets :
  - [a] The company has maintained proper records showing full particulars including quantitative details and situation only in respect of building, vehicles and deep freeze machines capitalized onwards 1997-98. In respect of deep freeze machines capitalized prior to 1997-98 and other assets, individual details as to cost and accumulated depreciation, remains to be reconciled with ledger balances appearing in the financial statements.
  - [b] In respect of deep freeze machines, acrylic boards, push carts and freezer on wheels lying with third parties, we are informed that the company has formulated a programme of physical verification of these assets over a period of three years. In majority cases deep freeze machines, push carts and freezer on wheels were verified during the financial year 2003-04. Physical verification of deep freeze machines, push carts and freezer on wheels was due during the year 2006-07. Physical verification of acrylic boards was overdue since 1998-99. Deep freeze machines, push carts, freezer on wheels and Acrylic boards are not verified during the year hence the question of reconciliation between physical verification and book records does not arise. However, material discrepancies were noticed on Physical verification of deep freeze machines, push carts and freezer on wheels of specific territory carried out during the year and the same have been properly dealt with in the books of account.  

Except vehicles and building we are informed by the management that other assets viz. furniture & office equipments are not verified.

No material discrepancies were noticed in case of vehicles and building on such physical verification.
  - [c] The company has not disposed off substantial part of fixed assets during the year.
- (ii) In respect of its Inventories :
  - [a] As explained to us, inventories have been physically verified by the management at reasonable intervals during the year except stock of stores and spares and Deep Freeze Machines other than of Ahmedabad center have not been physically verified during the year.
  - [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 needs to be strengthened, so as to cover physical verification of inventories viz. Deep freeze machines and stores and spares at least once in a year.
  - [c] The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification of inventory as compared to the book records. In absence of physical verification of stock of stores and spares and Deep Freeze Machines other than of Ahmedabad center, the discrepancy if any, could not be ascertained.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section

301 of the Companies Act, 1956 :

The company has not granted nor taken any loans, secured or unsecured to /from companies, firms or other parties covered in the register maintained under section 301 of the Act. And hence, paragraph 4 (iii)(a), (b), (c), (d), (e), (f) and (g) are not considered applicable to the company.

(iv) In respect of main trading item viz. ice-cream, mango pulp, mango ras, frozen vegetables the purchases are made at agreed terms and conditions. In our opinion and according to the explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also 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 the internal control system.

(v) In respect of transactions covered under Section 301 of the Companies Act, 1956:

[a] In our opinion and according to the information and explanations given to us, the 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] The transactions for purchase of goods and materials and sale of goods, materials and services, 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 Rs. 5 Lakhs or more in respect of each party, according to the information and explanations given to us, purchase of specialized items such as ice-cream, mango pulp, mango ras alternative sources are limited and others are made with reference to prevailing market prices at the relevant time for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.

(vi) In our opinion and according to the information and explanations given to us, the company has 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 its size and the nature of its business.

(viii) As the company is a trading company, Paragraph 4(viii) is not applicable.

(ix) In respect of statutory dues:

[a] According to the records of the company, undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable to the company except advance income tax, have generally been regularly deposited by the company with the appropriate authorities.

[b] According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31<sup>st</sup> March, 2009 for the period

of more than six months from the date they become payable.

[c] According to the information and explanations given to us, there are no dues of sales tax/ income tax/ custom duty/ wealth tax/ excise duty/ service tax/ cess which have not been deposited on account of any dispute.

(x) The company has no accumulated losses as at March 31, 2009 The Company has not incurred cash losses during the financial year covered by our audit and in the 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 banks. The company has not obtained any borrowings from financial institution or by way of debentures.

(xii) The company has not granted loans and advances 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, funds of Rs.158.04 Lacs raised on short-term basis have been used for long term investments.

(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 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 explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

(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 paragraphs

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 (Auditor's Reports) Order, 2003 are not applicable to the company.

For **KANTILAL PATEL & CO.,**  
Chartered Accountants

**Mayank S. Shah**  
Partner

Place : Ahmedabad  
Date : June 30, 2009

Membership No.: 44922



## BALANCE SHEET AS AT 31ST MARCH, 2009

		AS AT 31.03.2009 (Rs. in Lacs)	AS AT 31.03.2008 (Rs. in Lacs)
<b>I SOURCES OF FUNDS :</b>			
<b>1) SHAREHOLDERS' FUNDS:</b>			
Share Capital	1	86.56	86.42
Reserves & Surplus	2	230.39	230.60
		316.95	317.02
<b>2) LOAN FUNDS:</b>			
Secured Loans	3	547.88	578.62
Unsecured Loans	4	1,405.71	1,282.16
		1,953.59	1,860.78
<b>3) DEFERRED TAXATION (NET)</b>	<b>5</b>	<b>17.94</b>	<b>73.71</b>
<b>TOTAL -&gt;</b>		<b>2,288.48</b>	<b>2,251.51</b>
<b>II APPLICATION OF FUNDS :</b>			
<b>1) Fixed Assets :</b>			
Gross Block	6	4,039.07	3,826.56
Less : Depreciation		2,300.20	2,102.68
Net Block		1,738.87	1,723.88
<b>2) Investments :</b>	<b>7</b>	<b>70.02</b>	<b>73.88</b>
<b>3) (i) Current Assets, Loans &amp; Advances:</b>			
(a) Inventories	8	132.37	243.63
(b) Sundry Debtors	9	1,142.93	1,247.11
(c) Cash & Bank Balances	10	89.16	97.80
(d) Loans & Advances	11	2,639.17	2,335.60
Sub Total (i)		4,003.63	3,924.14
Less:			
<b>(ii) Current Liabilities &amp; Provisions :</b>			
(a) Current Liabilities	12	3,419.97	3,356.37
(b) Provisions	13	104.29	114.85
Sub Total (ii)		3,524.26	3,471.22
Net Current Assets : (i-ii)		479.37	452.92
<b>4) Miscellaneous Expenditure</b>	<b>14</b>	<b>0.22</b>	<b>0.83</b>
<b>TOTAL -&gt;</b>		<b>2,288.48</b>	<b>2,251.51</b>
Significant Accounting Policies	20		
Notes to the Accounts	21		

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For **KANTILAL PATEL & CO.**  
Chartered Accountants

**Ramchandra R. Gandhi** - Chairman & Managing Director  
**Jayantilal M. Shah** - Director  
**Ruchita Gurjar** - Company Secretary

**Mayank S. Shah**  
Partner

Place: Ahmedabad  
Date : June 30, 2009

Place: Ahmedabad  
Date : June 30, 2009





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	YEAR ENDED 31.03.2009 (Rs. in Lacs)	YEAR ENDED 31.03.2008 (Rs. in Lacs)
<b>I. INCOME :</b>			
Sales & Service Charges	15	15,664.22	13,604.72
Other Income	16	126.40	109.60
<b>TOTAL -&gt;</b>		<b>15,790.62</b>	<b>13,714.32</b>
<b>II. EXPENDITURE :</b>			
Cost of Goods Sold	17	12,749.55	10,821.11
Selling ,Distribution & Other Expenses	18	2,559.21	2,347.13
Financial Expenses	19	19.49	43.33
Depreciation		410.88	396.16
<b>TOTAL -&gt;</b>		<b>15,739.13</b>	<b>13,607.73</b>
III. Profit Before Tax and Exceptional items		51.49	106.59
IV. Prior Period Adjustment		0.00	57.02
V. Profit Before Tax		51.49	49.57
VI. Provision For Tax			
- Current		74.25	68.50
- Deferred Tax [Net (Credit)/ Charge]		(55.77)	(51.73)
- Fringe Benefit Tax		31.00	15.00
- Short/(Excess) Provision of Income Tax /Fringe Benefit Tax of earlier years written off (written back)		(7.76)	1.75
VII. Net Profit After Tax		9.77	16.05
VIII. Balance Brought Forward		64.37	48.32
IX. Amount available for Appropriation		74.14	64.37
<b>APPROPRIATIONS</b>			
Proposed Dividend		8.70	0.00
Dividend Tax thereon		1.48	0.00
Balance Profit Carried to Balance Sheet		63.96	64.37
		74.14	64.37
Significant Accounting Policies	20		
Notes to the Accounts	21		
Basic and Diluted Earnings per Equity Share (Rupees) (Nominal value of Rs.10/- per Equity share) (Refer Sch.-21 Note No.8)		1.12	1.84

This is the Profit & Loss Account referred to in our report of even date

For and on behalf of the Board

For **KANTILAL PATEL & CO.**  
Chartered Accountants

**Ramchandra R. Gandhi** - Chairman & Managing Director  
**Jayantilal M. Shah** - Director  
**Ruchita Gurjar** - Company Secretary

**Mayank S. Shah**  
Partner

Place: Ahmedabad  
Date : June 30, 2009

Place: Ahmedabad  
Date : June 30, 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Ended on 31.03.2009 (Rs. in Lacs)	Ended on 31.03.2008 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax after Exceptional items as Profit & Loss Accounts	51.49	106.59
Adjusted for :		
Depreciation	410.88	396.16
(Profit) / Loss on Sale of Fixed Assets	(1.93)	(0.91)
Provisions for doubtful debts adjusted by written off	0.00	(7.21)
Provisions for doubtful advance	0.61	7.12
Fixed Assets written off	15.97	0.82
Dividend Income	(0.07)	(0.07)
Interest Income	(98.42)	(57.21)
Interest Expenses	117.91	100.54
	496.44	545.83
Operating profit before working capital changes		
Adjusted for :		
Trade and other receivables	(204.05)	(407.58)
Inventories	111.26	(87.59)
Trade payables	70.21	528.79
Deferred Expenses	0.61	1.21
	474.47	580.66
Cash Generated from operations		
Direct taxes paid / Adjustment	(143.64)	(81.94)
Prior Period Expenses	0.00	(57.02)
<b>Operating Cashflow</b>	330.83	441.70
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(450.22)	(407.34)
Sale / Discard of fixed assets	26.28	3.25
Sale of Investments	3.86	(0.00)
Interest received	103.96	60.53
Dividend received	0.07	0.36
<b>Net Cash used in investing activities</b>	(316.05)	(343.20)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from borrowings	152.25	194.86
Repayment of borrowings	(59.48)	(147.12)
Proceeds from the issue of Share Capital	0.34	0.05
Interest paid	(116.27)	(101.49)
Dividend Paid	(0.26)	(9.89)
<b>Net cash used in financing activities</b>	(23.42)	(63.59)
Net increase / (Decrease) in cash equivalents(A+B+C)	(8.64)	34.91
Net Cash equivalents as at 01.4.2008(Opening Balance)	97.80	62.89
	89.16	97.80
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
Cash on hand	5.64	4.89
Balance With Banks - On Current Accounts	68.17	79.61
- On Fixed Deposit Accounts (Rs.6.25/- Lacs	15.35	13.30
P.Y.Rs.1.30/- Lacs Pledged with banks)	89.16	97.80

Notes : 1) The above cash flow has been prepared under Indirect Method set out in AS 3, issued by The Institute of Chartered Accountants of India.  
2) Previous years 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

**Mayank S. Shah**  
Partner

Place: Ahmedabad  
Date : June 30, 2009

For and on behalf of the Board

**Ramchandra R. Gandhi** - Chairman & Managing Director  
**Jayantilal M. Shah** - Director  
**Ruchita Gurjar** - Company Secretary

Place: Ahmedabad  
Date : June 30, 2009



## SCHEDULES TO BALANCE SHEET

	AS AT 31.03.2009 (Rs. in Lacs)	AS AT 31.03.2008 (Rs. in Lacs)
<b>SCHEDULE: 1 SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
20,00,000 (P.Y. 20,00,000) Equity Shares of Rs.10/- each	200.00	200.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP :</b>		
8,70,148 (P.Y.8,70,148) Equity Shares of Rs. 10/- each fully paid up	87.01	87.01
Less : Calls in Arrears (Due from other than Directors)	0.45	0.59
TOTAL ->	86.56	86.42
<b>SCHEDULE: 2 RESERVES &amp; SURPLUS:</b>		
<b>SECURITIES PREMIUM ACCOUNT :</b>		
Balance as per Last Balance sheet	93.77	93.77
Less: Calls in Arrears	0.68	0.88
	93.09	92.89
<b>GENERAL RESERVE :</b>		
Balance as per Last Balance sheet	73.34	71.00
Add: Reduction in transitional Provisions under Accounting Standard 15 (Gross) Rs. Nil (P.Y. Rs. 5.44/- Lacs), Deferred Tax Liability (Net) Rs.Nil (P.Y.Rs.3.10/- Lacs)	0.00	2.34
	73.34	73.34
<b>PROFIT &amp; LOSS ACCOUNT BALANCE</b>		
	63.96	64.37
TOTAL ->	230.39	230.60
<b>SCHEDULE: 3 SECURED LOANS</b>		
<b>[A] TERM LOANS :</b>		
<b>(a) FROM BANKS :</b>		
(i) I. D. B. I. Bank Limited (Secured against hypothecation of Delivery Vehicles and specific Deep Freeze Machines and guaranteed by some of the Directors and a company.)	59.21	94.11
(ii) Bank of India (Secured against hypothecation of Delivery Vehicles, Deep Freeze Machines, Spare Parts and other movable Properties and guaranteed by some of the Directors of the company and a company) (Also secured against creation of Equitable mortgage by simple deposit of title deeds of 1st floor of Vadilal House situated at Shrimali Soc., N'gpura, Ahd.)	290.03	269.52
(iii) Car Loan Secured against hypothecation of specified vehicles of the company		
(a) I.C.I.C.I Bank Limited	0.00	4.08
(b) H.D.F.C Bank Limited	30.57	42.14
(c) Kotak Mahindra Prime Limited	8.44	10.44
(d) Axis Bank Limited	8.82	0.00
[ A ]	397.07	420.29
(Secured Loans of Rs.158.06/- Lacs repayable within one year) (P. Y. Rs. 140.68/- Lacs)		
<b>[B] Cash Credits :-</b>		
(i) Bank of India (Secured by hypothecation of stocks, book debts and personal guarantee of some of the Directors & further secured by creation of Equitable mortgage by simple deposit of title deeds of 1st floor of Vadilal House situated at Shrimali Soc., N'gpura . A'hd. and also guaranteed by of a company) Interest Accrued & Due	150.81	157.74
	0.00	0.59
[ B ]	150.81	158.33
TOTAL [ A+B ]	547.88	578.62



	(Rs. in Lacs)	AS AT 31.03.2009 (Rs. in Lacs)	AS AT 31.03.2008 (Rs. in Lacs)
<b>SCHEDULE: 4 UNSECURED LOANS:</b>			
Security Deposits from Dealers/Distributors.(Interest Free)		1,327.64	1,216.84
Fixed Deposits from Public	76.45		64.32
Add :-Interest Accrued & due (Repayable within one year Rs.47.75/- Lacs P.Y Rs. 37.65/-Lacs)	1.62		1.00
		<u>78.07</u>	<u>65.32</u>
<b>TOTAL</b>		<u><u>1,405.71</u></u>	<u><u>1,282.16</u></u>
<b>SCHEDULE: 5 DEFERRED TAX LIABILITY (NET) :</b>			
(Refer Sch.-20 Note No.L)			
Deferred Tax Liability			
Deference between book and Income Tax Depreciation	37.44		85.33
Deferred revenue Exp.	0.06		0.28
Other Deferred Tax Liability	0.00		2.31
		<u>37.50</u>	<u>87.92</u>
Deferred Tax Assets			
Expenditure disallowable under Section 43B	19.56		14.21
		<u>19.56</u>	<u>14.21</u>
<b>TOTAL</b>		<u><u>17.94</u></u>	<u><u>73.71</u></u>

**SCHEDULE : 6 FIXED ASSETS (Refer Schedule 20 Note No. D) :**

(Rs. in Lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.08	Addi- tion	Deduc- tion	As on 31.03.09	Up to 01.04.08	For the year	Deduc- tion	Upto 31.03.09	As on 31.03.09	As on 31.03.08
Building	37.52	0.00	0.00	37.52	8.05	0.67	0.00	8.72	28.80	29.47
Plant & Machinery	3,501.31	413.21	188.59	3,725.93	1,902.44	396.42	174.01	2,124.85	1,601.08	1,598.87
Office Equipments	19.01	2.51	0.00	21.52	10.50	0.99	0.00	11.49	10.03	8.51
Furniture& Fixtures	15.27	3.64	0.00	18.91	13.22	1.03	0.00	14.25	4.66	2.05
Vehicles	253.45	30.86	49.12	235.19	168.47	11.77	39.35	140.89	94.30	84.98
<b>Total.....</b>	<b>3,826.56</b>	<b>450.22</b>	<b>237.71</b>	<b>4,039.07</b>	<b>2,102.68</b>	<b>410.88</b>	<b>213.36</b>	<b>2,300.20</b>	<b>1,738.87</b>	<b>1,723.88</b>
Previous Year	3,526.08	407.34	106.86	3,826.56	1,811.04	396.16	104.52	2,102.68	1,723.88	

**NOTE :**

- [1] Gross Block of Vehicles as on 31/03/09 includes assets taken on Hire Purchase at cost of Rs.98.31/- Lacs (P.Y Rs.90.49/- lacs) , accumulated depreciation thereon is Rs.30.47/- Lacs (P.Y Rs.23.10/- Lacs )and net carrying amount is Rs.67.84/- Lacs (P.Y.Rs.67.39/- lacs).
- [2] Vehicles includes Vehicles amounting to Rs.35.39/- Lacs (P.Y.Rs.43.14 /-lacs) which are held in the Name of Directors of the company.
- [3] Gross Block of Rs.4039.07/- lacs (P.Y. Rs.3826.56/- lacs) and Depreciation upto 31-03-09 of Rs.2300.20/- lacs (P.Y. Rs.2102.68/-lacs) include amount of Rs.421.66/- lacs (P.Y. Rs.260.52/- lacs) which represents Fixed Assets fully depreciated and Net Block value of respective fixed assets is Rs NIL.

	(Rs. in Lacs)	AS AT 31.03.2009 (Rs. in Lacs)	AS AT 31.03.2008 (Rs. in Lacs)
<b>SCHEDULE: 7 INVESTMENTS :</b>			
(Refer Sch.-20 Note No. E)			
Long Term Investments:-			
(A) Quoted :			
In Equity shares of Rs.10/- each fully paid up :			
2000 (P.Y.2000) Gujarat Narmada Knitwear Ltd.	0.20		0.20
400 (P.Y.400) Aminex Chemicals Ltd.	0.04		0.04
535000(P.Y.535000)Vadilal Chemicals Ltd.	81.60		81.60
		<u>81.84</u>	<u>81.84</u>
Nil (P.Y.3864.40) 6.75% Tax Free Bonds of Rs. 100/- each of Unit Trust of India	0.00		3.86
		<u>81.84</u>	<u>85.70</u>
Less :-Diminution in Value of investments	22.97		22.97
		<u><u>58.87</u></u>	<u><u>62.73</u></u>



	(Rs. in Lacs)	AS AT 31.03.2009 (Rs. in Lacs)	AS AT 31.03.2008 (Rs. in Lacs)
<b>(B) Unquoted :</b>			
(i) In Equity shares of Rs.10/- each fully paid up :-			
700000(P.Y.700000)Kalpit Realty & Services Ltd.	0.37		0.37
70000(P.Y.70000) Vadilal Happinezz Parlour Limited	7.00		7.00
115200(P.Y.115200) Majestic Farm House Ltd	11.52		11.52
(ii) In Equity shares of Rs.25/- each fully paid up :-			
2450(P.Y. 2450) Textile Traders Co-op.Bank Ltd	0.61		0.61
40(P.Y.40) Siddhi Co-op Bank Ltd	0.01		0.01
	<u>19.51</u>		<u>19.51</u>
Less :-Diminution in Value of Investments	<u>8.36</u>		<u>8.36</u>
		<u>11.15</u>	<u>11.15</u>
<b>TOTAL</b>		<u><u>70.02</u></u>	<u><u>73.88</u></u>
Aggregate Value of -			
a. Quoted Investments			
Book Value		81.84	85.70
Market Value		64.22	67.95
b. Unquoted Investments			
Book Value		19.51	19.51
<b>SCHEDULE: 8 INVENTORIES:</b>			
(Refer Sch.-20 Note No. F)			
Machinery Parts		67.58	48.95
Finished Goods		64.79	194.68
<b>TOTAL</b>		<u><u>132.37</u></u>	<u><u>243.63</u></u>
<b>SCHEDULE: 9 SUNDRY DEBTORS:</b>			
(Refer Sch.-21 Note No. 2)			
Debts outstanding for a period exceeding Six months [a]		240.63	179.62
Other debts [b]		902.30	1,067.49
Total [a+b]		<u><u>1,142.93</u></u>	<u><u>1,247.11</u></u>
Of the above debts			
a) Fully Secured		391.18	381.10
b) Unsecured Considered Good		751.75	866.01
c) Considered doubtful		0.00	0.00
<b>TOTAL</b>		<u><u>1,142.93</u></u>	<u><u>1,247.11</u></u>
<b>SCHEDULE: 10 CASH &amp; BANK BALANCES :</b>			
Cash on hand		5.64	4.89
Bank Balances:			
A) With Scheduled Banks:			
(i) In Current Accounts		68.17	79.57
(ii) In Fixed Deposit Accounts		10.35	13.30
[Fixed Deposits of Rs.6.25/- Lacs (P.Y.Rs.1.30/- Lacs) are pledged with Scheduled Banks]			
B) With Non-Scheduled Banks :			
(i) In Current Accounts			
Deveipment Credit Bank		0.00	0.04
[Max. Balance during the year Rs.0.04 /- Lacs P.Y.Rs.0.04/-Lacs]			
(ii) In Fixed Deposit Accounts		5.00	0.00
Siddhi Co - Operative Bank Limited			
[Max. Balance during the year Rs.5.00/- Lacs P.Y.Rs.Nil/-Lacs]			
(Fixed deposit of Rs. 5.00/- Lacs pledged with Non Scheduled Bank)			
<b>TOTAL</b>		<u><u>89.16</u></u>	<u><u>97.80</u></u>
<b>SCHEDULE: 11 LOANS &amp; ADVANCES :</b>			
Advances recoverable in Cash or in kind or for value to be received.		181.58	163.03
Staff Loan		8.10	9.00
Deposits with Government Authority		9.75	0.25
Other Trader/Security Deposits		806.66	911.18
Advance Payment Of Tax Less Provisions (Current Tax)		11.03	9.54



	AS AT 31.03.2009 (Rs. in Lacs)	AS AT 31.03.2008 (Rs. in Lacs)
Loan to others	10.12	47.12
Loan in current Account	1636.33	1226.94
	<u>2,663.57</u>	<u>2,367.06</u>
Less: Provision for irrecoverable Advances	24.40	31.46
<b>TOTAL</b>	<u><b>2,639.17</b></u>	<u><b>2,335.60</b></u>
Of the above Loans and Advances -		
a) Fully Secured	0.00	0.00
b) Unsecured Considered Good	2,639.17	2,335.60
c) Considered Irrecoverable	24.40	31.46
<b>TOTAL</b>	<u><b>2,663.57</b></u>	<u><b>2,367.06</b></u>
<b>SCHEDULE: 12 CURRENT LIABILITIES</b>		
Sundry Creditors	2,850.13	2,697.85
(Refer Sch.21 Note No. 3)		
Other Liabilities	379.63	495.28
Advance received from customers	102.04	81.62
Temporary overdraft in current a/c with Banks	80.37	75.70
Unclaimed Dividend *	0.88	1.14
Unclaimed matured fixed deposits *	2.60	2.07
Interest Accrued But not Due on deposits*	4.32	2.71
<b>TOTAL</b>	<u><b>3,419.97</b></u>	<u><b>3,356.37</b></u>
* These figures do not include any amounts, due & outstanding, to be credited to investors education & protection fund.		
<b>SCHEDULE: 13 PROVISIONS:</b>		
Employee Benefit (Refer Sch.-20 Note No. G )	55.22	41.82
Proposed Dividend	8.70	0.00
Provision for Dividend Tax	1.48	0.00
Provision for Income Tax Less Advance Tax (Current Tax)	27.89	63.03
Provision for Fringe Benefit Tax Less Advance Tax	11.00	10.00
<b>TOTAL</b>	<u><b>104.29</b></u>	<u><b>114.85</b></u>
<b>SCHEDULE: 14 MISCELLANEOUS EXPENDITURE :</b>		
(Refer Sch.-20 Note No. M)		
Upfront Interest on restructuring of Loan	0.22	0.83
	<u>0.22</u>	<u>0.83</u>

### SCHEDULES TO PROFIT & LOSS ACCOUNT

	YEAR ENDED 31.03.2009 (Rs. in Lacs)	YEAR ENDED 31.03.2008 (Rs. in Lacs)
<b>SCHEDULE: 15 SALES &amp; SERVICE CHARGES :</b>		
(Refer Sch.-20 Note No. C)		
Sales	16,533.48	14,319.88
Less: Sales Comm., Trade Discount, Scheme Discount, Damages etc.	980.15	815.41
	<u>15,553.33</u>	<u>13,504.47</u>
Service Charges Income	27.94	30.88
Forex Advisory Fees	82.95	69.37
<b>TOTAL</b>	<u><b>15,664.22</b></u>	<u><b>13,604.72</b></u>
<b>SCHEDULE: 16 OTHER INCOME :</b>		
Dividend Income on Long Term Investments(Gross)	0.07	0.07
Promotional Charges Recovered	2.32	0.03
Excess Provision / Credit Balance Written back	84.94	55.10
Profit on Sale of Fixed Assets (Net)	1.93	0.91
Miscellaneous Income	37.14	53.49
<b>TOTAL</b>	<u><b>126.40</b></u>	<u><b>109.60</b></u>



	YEAR ENDED 31.03.2009 (Rs. in Lacs)	YEAR ENDED 31.03.2008 (Rs. in Lacs)
<b>SCHEDULE: 17 COST OF GOODS SOLD :</b>		
(Refer Sch.- 21 Note No. 11)		
Opening Stock	194.68	112.32
Add: Purchases	12,845.95	11,086.86
	<u>13,040.63</u>	<u>11,199.18</u>
Less: Capitalised during the year	226.29	183.39
	<u>12,814.34</u>	<u>11,015.79</u>
Less: Closing Stock	64.79	194.68
TOTAL	<u>12,749.55</u>	<u>10,821.11</u>
<b>SCHEDULE: 18 SELLING, DISTRIBUTION &amp; OTHER EXPENSES:</b>		
Advertisement, Sales Promotion & Publicity Expenses	676.05	590.05
Freight & Forwarding Charges	675.10	591.09
Employees Expenses (Refer Sch.- 18.1 )	585.72	479.51
Repairs & Maintenance : Machinery	72.85	77.57
: Others	5.49	10.88
	<u>78.34</u>	<u>88.45</u>
Rent	41.43	28.53
Rates & Taxes	34.09	24.66
Insurance	7.51	4.80
Royalty	14.06	100.97
Vehicle Repairs & Petrol Expenses	57.65	53.78
Travelling	92.86	79.73
Provision for doubtful Advances	0.61	7.12
Fixed Assets Written off	15.97	0.82
Bad Debts/Loans/Advances/Other Current Assets irrecoverable written-off	17.37	36.33
Less : Provided in earlier years	1.55	7.21
	<u>15.82</u>	<u>29.12</u>
Miscellaneous Expenses (Refer Sch.-18.2 )	264.00	268.50
TOTAL	<u>2,559.21</u>	<u>2,347.13</u>
<b>EMPLOYEES EXPENSES : 18.1</b>		
Salaries, Wages, Allowances & Bonus ,etc.	546.70	444.79
Contribution to P.F.,F.P.F., etc.	33.77	30.05
Staff Welfare Expenses	5.25	4.67
TOTAL	<u>585.72</u>	<u>479.51</u>
<b>MISCELLANEOUS EXPENSES : 18.2</b>		
Sales Tax	1.86	1.86
C & F Commission	92.11	82.60
Directors' Travelling Expenses	0.88	1.41
Directors' sitting fees	0.40	0.48
Auditor's Remuneration - Audit Fees	3.20	2.75
- Tax Audit Fees	1.20	1.10
- Certificate Fees	0.68	0.54
- Taxation Matters	2.43	2.75
- Out of Pocket expenses	0.37	0.23
Other Expenses (Including Legal & Professional Charges, Conveyance,Electricity,Printing & Stationery,Telephone, Telerate Fees Expenses,etc.)	160.79	174.78
TOTAL	<u>264.00</u>	<u>268.50</u>
<b>SCHEDULE: 19 FINANCIAL EXPENSES :</b>		
On Fixed Loans	59.67	42.81
On Bank Overdraft	28.61	26.94
On Fixed deposits	7.95	5.43
Brokerage & other financial Charges	21.88	25.36
TOTAL	<u>117.91</u>	<u>100.54</u>
Less : Interest Income	98.42	57.21
(Tax Deducted at Source Rs.20.85 /- Lacs P.Y. Rs.12.03/- Lacs)		
TOTAL	<u>19.49</u>	<u>43.33</u>



## SCHEDULE 20-SIGNIFICANT ACCOUNTING POLICIES

### (A) ACCOUNTING CONVENTION :

The financial statements have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with the Companies (Accounting Standards) Rules, 2006, issued by the Central Government and relevant provisions of Companies Act, 1956 and are based on the historical cost convention as modified to include the revaluation of certain fixed assets.

### (B) 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 the financial statements and accompanying notes. Difference between the actual results and estimates, are recognised in the period in which the results are known/materialised.

### (C) REVENUE RECOGNITION:

#### SALES ACCOUNTING:

- (i) 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 goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.
- (ii) Sales are shown net of Damages, Trade Discount and Special Scheme Discount. Sales do not include Value Added Tax.
- (iii) Service charges income are accounted when there is reasonable certainty of recovery.
- (iv) Income of Forex Advisory Fees accounted on accrual basis.
- (v) Dividend income from Investment is accounted for when the right to receive is established

### (D) FIXED ASSETS AND DEPRECIATION & IMPAIRMENT:

- (i) Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss. Other attributable cost incurred for bringing the fixed assets to its intended use are added to the cost of Fixed Assets. Adjustments arising from exchange rate variations relating to transaction in foreign currencies attributable to Fixed Assets are capitalised.
- (ii) 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) except in case of:
  - (a) On electrical installation (Acrylic Glow Sign Board & Translite), Push Carts, Tricycles, Insulated Iron / Plastic Boxes and Freezer on wheels in respect of which depreciation is charged at 20% based on the estimated useful life of five years.
  - (b) On Plastic Crates and on specific assets of Happinezz Parlour on which depreciation is charged at 33.33% based on the estimated useful life of three years.
  - (c) In respect of Deep Freeze Machines for addition from the year 2001-02, depreciation is charged at 10% based on estimated useful life of Ten years.
  - (d) Cost of electrical installation more than five years old and their corresponding depreciation are adjusted from gross block of fixed assets and depreciation fund respectively.

#### (iii) 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 & the value in use determined by the present value of estimated future cash flows.

### (E) INVESTMENTS:

Investments are classified as long term investments and are stated at cost. A Provision for diminution in the value of long term investments is made for each investment individually, only if such decline is other than temporary.

### (F) INVENTORIES:

Inventories are valued as under:

<u>INVENTORY</u>	<u>VALUATION METHOD</u>
(i) Finished Goods.	At cost or net realisable value whichever is lower. Due provision for obsolescence and wear & tear is made.
(ii) Machinery Parts.	At Lower of cost or Net realisable Value. Cost is determined on "Weighted Average" basis. Due Provision for obsolescence and wear & tear is made.

### (G) EMPLOYEES BENEFITS :

#### (a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the services 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.

Acturial 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.

**(H) FOREIGN CURRENCY TRANSACTIONS:**

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(ii) Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract. The difference in translation of current assets and current liabilities is recognized in the Profit & Loss Account.

(iii) Exchange difference related to acquisition of fixed assets is adjusted to the cost of those assets up to 31.03.2007.

(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.

**(I) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions are recognised when the company has present legal or constructive 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. These are reviewed at each year end and adjusted to reflect the best current estimate.

Contingent Liabilities are disclosed by way of notes to Accounts.

Contingent Assets are neither recognised nor disclosed in the financial statements.

**(J) CONTINGENCIES AND EVENTS OCCURRING AFTER BALANCE SHEET DATE:**

All contingencies and events occurring after Balance Sheet date which have a material effect on the financial position of the company are considered for preparing the financial statement.

**(K) BORROWING COST:**

Borrowing cost 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. All other borrowing costs are charged in statement of profit & loss of the year in which incurred.

**(L) TAXES ON INCOME AND EXPENSES:**

(i) Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, 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 reasonable certainty of realisation of such asset. 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.

(ii) Fringe Benefit tax has been determined at current applicable rate on taxes falling within the ambit of "Fringe Benefit" as defined under the income tax act, 1961.

**(M) MISCELLANEOUS EXPENDITURE :**

Upfront interest paid on restructuring of term loans is amortised over the tenure of such loans.



**SCHEDULE 21 - NOTES TO THE ACCOUNTS.**

**1. CONTINGENT LIABILITIES NOT PROVIDED FOR :**

	As on 31-03-2009 (Rs. in Lacs)	As on 31-03-2008 (Rs. in Lacs)
(a) Estimated amount of Contracts remaining to be executed on Capital account and not provided For (net of advances).	39.84	169.36
(b) Claims against the Company not acknowledged as debt / against which appeal has been filed.		
(i) Sales Tax*	9.52	0.00
(ii) Others	18.80	13.02
(iii) Income Tax*	7.97	28.50
(c) Outstanding amount of bills accepted by the company	850.43	649.09
(d) Guarantees given by the company against Term Loans given to company in which Directors are interested	800.00	800.00
Outstanding against this as at 31.03.2009	800.00	750.00

\*(Disputed Statutory dues pending at Office of Deputy Commissioner of Tax)

Note : Future Cash outflows in respect of 1 (b) above depends on ultimate settlement / conclusions with the relevant authorities.

2. Certain balances of debtors, creditors, loans and advances and deposits from dealers/distributors are subject to confirmation. Any adjustments, if required, would be made at the time of reconciliation/settlement of the Accounts.
3. Based on the information available with the company, there are no suppliers who are registered under the Micro, Small & Medium Enterprises Development Act, 2006 as at 31st March 2009. Hence, the informations required under the Micro, Small & Medium Enterprises Development Act, 2006 is not disclosed. This is relied upon by Auditors.

**4. REMUNERATION TO CHAIRMAN & MANAGING DIRECTOR:**

Salaries, Wages, Allowances, Bonus etc. includes Rs.9.96 Lacs towards managerial remuneration as under :-

	Year ended 31-03-2009 (Rs. in Lacs)	Year ended 31-03-2008 (Rs. in Lacs)
(a) Salary.	6.00	6.00
(b) Contribution to P.F. & other Funds.	0.78	0.78
(c) Perquisites (HRA, Allowances etc.)	3.18	3.22
	<u>9.96</u>	<u>10.00</u>

The Computation of net profit U/s 349 of The Companies Act 1956 is not given as no commission is paid to the Managing Director in view of inadequate profit as per such computation.

5. (a) The Company has taken various residential, office and godown premises under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 36 months under leave and license 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.
- (b) Lease payments are recognised as expense in the Profit & Loss Statement on a Straight Line basis over the lease term under "Rent" in Schedule 18 "Selling, Distribution & Other Expenses".
- (c) The future minimum estimated operating lease payments under non cancellable operating lease : **(Rs. in Lacs)**

	Not later than one year	Later than one year and not later than five years
Total of minimum lease payments	33.80 (32.86)	33.80 (33.80)

**6. Loans & Advances :**

Includes interest receivable amounting to Rs.4,53,952/- (P.Y. Rs.4,80,880/-) for the period 2002-03 to 2006-07 , due for recovery. The Company has initiated steps for recovery and is hopeful to recover the amount.

7. Segment Reporting as defined in Accounting Standard 17 is not applicable since revenue of segment other than trading operations in food products does not exceed 10% of total revenue. Similarly as company sells its products in India there are no reportable geographical segments.

**8. EARNINGS PER SHARE:**

- a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit for the year disclosed in the profit & loss account.
- b) The weighted average number of equity shares used as the denominator in calculating both basic & diluted earnings per share is 8,70,148.



**9. RELATED PARTY DISCLOSURES:**

- a) Name of related party and description of relationship with whom transactions taken place.
- 1) Key Management Personnel
    - a) Shri Ramchandra R. Gandhi
  - 2) Relative of Key Management Personnel
    - a) Shri Rajesh R. Gandhi
    - b) Shri Virendra R. Gandhi
  - 3) Group of Individuals having significant influence over the company & relatives of such individuals.
    - a) Shri Devanshu L. Gandhi
  - 4) Enterprises owned or significantly influenced by group of individuals or their relatives who have significant influence over the company.
    - a) Vadilal Industries Ltd.
    - b) Kalpit Realty and Services Ltd.
    - c) Vadilal Soda Fountain.
    - d) Vadilal International Pvt Ltd.
    - e) Vadilal Hapinezz Parlour Ltd.

**b) Transaction with Related Parties :**

**(Rs. in Lacs)**

Sr. No.	Particulars of Transaction & Name of related party which transactions, more than 10 %	Enterprises owned or significantly influenced by key management personnel or their relatives
1	Sales :	
	i) Vadilal Soda Fountain	75.62 (72.82)
	ii) Vadilal Happiness Parlour Ltd.	61.42 (96.17)
2	Purchase :	
	i) Vadilal Industries Ltd.	12,708.89 (10,783.56)
	ii) Other	2.74 (0.00)
3	Hire Charges/Rent paid :	
	i) Kalpit Reality & Services Ltd.	0.00 (124.11)
4	Rent paid :	
	i) V.R. Gandhi & Others	3.33 (2.56)
	ii) Vadilal Industries Ltd.	0.90 (0.90)
5	Service Charges Income :	
	i) Kalpit Reality & Services Ltd.	0.00 (1.32)
6	Replacement Income :	
	i) Kalpit Reality & Services Ltd.	0.00 (3.29)
7	Trade Discount Given :	
	i) Vadilal Soda Fountain	3.78 (10.92)
	ii) Vadilal Happiness Parlour Ltd.	18.42 (14.43)
8	Interest Income :	
	i) Vadilal International Pvt.Ltd.	7.89 (7.67)
9	Royalty Paid :	
	i) Vadilal International Pvt.Ltd.	14.06 (100.97)
10	Corporate guarantee given :	
	i) Vadilal Industries Ltd.	0.00 (800.00)
11	Corporate guarantee taken :	
	i) Vadilal Industries Ltd.	0.00 (250.00)



C) Transaction with related parties :

(Rs. in Lacs)

Sr. No.	Particulars of Transaction & Name of related party which transactions, more than 10 %	Enterprises owned or significantly influenced by key management personnel or their relatives
12	Balance outstanding at year end :	
	a) Receivable :	
	i) Vadilal International Pvt.Ltd. *	780.11 (884.16)
	ii) Others	69.07 (18.53)
	b) Payable :	
	i) Vadilal Industries Ltd.	2,598.68 (2,304.65)
	ii) Others	0.83 (2.86)
	c) Against corporate guarantee taken :	
	i) Vadilal Industries Ltd.	528.81 (523.03)
	d) Against corporate guarantee given :	
	i) Vadilal Industries Ltd.	800.00 (800.00)

- Note : a) Payment to key management personnel in form of Managing Director's remuneration is shown in Note No. 4 ).  
b)\* Amount includes Rs. 780.11/- Lacs (P.Y. Rs.884.16/- Lacs) towards Deposit.  
c) Sitting fees paid to relatives of Key management personnel and to the other Director's is disclosed elsewhere in accounts.  
d) Figures in bracket relates to previous year.

10. (i) **Defined Contribution Plans :**

Amount of Rs.26.26/-Lacs (P.Y. Rs.23.94/-Lacs) is recognised as expenses and included in "Employee's Expenses" (schedule 18.1) in the Profit and Loss Account.

(ii) **Defined Benefit Plans :**

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

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
Opening defined benefit obligation As at 01.04.2008	37.72	34.98	18.05	15.54
Service Cost	4.61	4.00	4.23	1.51
Interest Cost	2.87	2.78	1.37	1.23
Actuarial Losses (Gains)	0.74	(1.49)	(0.90)	1.66
Losses (Gains) on curtailments	—	—	—	—
Liabilities extinguished on settlements	—	—	—	—
Benefits Paid	(3.52)	(2.55)	(1.93)	(1.88)
Closing defined benefit obligation as at 31.03.2009	42.42	37.72	20.82	18.05

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

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
Opening fair value of plan assets as at 01.04.2008	21.08	16.95	—	—
Expected return	1.97	1.71	—	—
Actuarial gains and (Losses)	(0.20)	(0.13)	—	—
Assets distributed on settlements	—	—	—	—
Contributions by employer	3.41	5.10	—	—
Benefits Paid	(3.52)	(2.55)	—	—
Closing balance of fair value of plan Assets as at 31.03.2009	22.74	21.08	—	—

(c) The amounts recognised in Balance Sheet are as follows: (Rs. In Lacs)

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
Amount to be recognised in Balance Sheet				
A) Present value of Defined Benefit Obligations				
- Funded	22.74	21.08	—	—
- Unfunded	19.68	16.64	20.82	18.05
Total	42.42	37.72	20.82	18.05
Less: Fair value of Plan Assets	22.74	21.08		
- Unrecognised Past Service Costs	—	—	—	—
Amount to be recognised as liability	19.68	16.64	20.82	18.05
B) Amount Reflected in the Balance Sheet				
Liabilities	19.68	16.64	20.82	18.05
Assets	—	—	—	—
Net Liability/(Asset)	19.68	16.64	20.82	18.05

(d) The amounts recognised in Profit and Loss account are as follows: (Rs. In Lacs)

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
1. Current Service Cost	4.61	4.00	4.23	1.51
2. Interest Cost	2.87	2.78	1.37	1.23
3. Expected return on plan assets	(1.97)	(1.71)	—	—
4. Net Actuarial Losses (Gains) recognised in year	0.94	(1.36)	(0.90)	1.66
5. Past service cost	—	—	—	—
6. Losses (Gains) on curtailments and settlement	—	—	—	—
Total included in 'Employee's expense' [ Ref. Sch. 18.1]	6.45	3.71	4.69	4.40
Actual return on plan assets	1.77	1.58	—	—

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

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
Government of India Securities	0%	0%	0%	0%
High quality corporate bonds	0%	0%	0%	0%
Equity shares of listed companies	0%	0%	0%	0%
Property	0%	0%	0%	0%
Insurance company	100%	100%	0%	0%

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

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
Discount rate	7.60%	7.93%	7.60%	7.93%
Expected return on plan assets	9.00%	9.00%	0.00%	0.00%
Annual increase in salary costs	6.00%	6.00%	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 benefit plans are as follows: (Rs. In Lacs)

Particulars	Gratuity Plan		Leave Encashment	
	31.03.09	31.03.08	31.03.09	31.03.08
Defined benefit obligation	42.42	37.72	20.82	18.05
Plan Assets	22.74	21.08	—	—
Surplus / (deficit)	(19.68)	(16.64)	(20.82)	(18.05)
Experience adjustments on plan Liabilities	—	—	—	—
Experience adjustments on plan Assets	—	—	—	—

(h) The company expects to fund Rs.6.00/- Lacs (P.Y. Rs.6.00/- Lacs) towards gratuity plan and Rs.15.00/- Lacs (P.Y. Rs.15.00/- Lacs) towards Provident Fund plan during the year 2009-10.

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. Leave encashment and sick leave is considered as defined benefit plan and remain unfunded.



### 11. PURCHASES, TURNOVER & STOCK

Particulars (Unit)	Qty In	Opening Stock		Purchases		Turn Over		Closing Stock	
		(Qty.)	(Value) (Rs.in Lacs)	(Qty.)	(Value) (Rs.in Lacs)	(Qty.)	(Value) (Rs.in Lacs)	(Qty.)	(Value) (Rs.in Lacs)
Ice cream/Frozen Dessert	K.L.	6	3.19	26,893	12,195.45	26,893	14,913.87	6	2.80
		(6)	(2.91)	(23,539)	(10,270.40)	(23,539)	(12,901.07)	(6)	(3.19)
Deep Freeze Machines	Nos.	1,301	191.49	584	102.19	0	0.00	503	60.63
		(787)	(109.41)	(1,613)	(271.59)	0	0.00	(1,301)	(191.49)
Others			0		548.31		639.46		1.36
			0.00		(544.87)		(603.40)		(0.00)
			194.68		12,845.95		15,553.33		64.79
			(112.32)		(11,086.86)		(13,504.47)		(194.68)

- Notes : 1. Ice Cream and Frozen Dessert Turnover in value is after deduction of damages at dealers places of Rs. 33.72/- Lacs (P.Y.Rs.26.61/- Lacs) for which quantity adjustments are not made as it is not readily ascertainable.
2. 1382 Nos. (P.Y. 1099 Nos) of Deep Freeze Machine amounting to Rs.226.29/- Lacs (P.Y.Rs.183.39/- Lacs) have been capitalised during the year.

	<u>2008-2009</u> (Rs.In Lacs)	<u>2007-2008</u> (Rs.In Lacs)
12. (a) Value of Imports on C.I.F value	Nil	Nil
(b) Expenditure in Foreign Currency	Nil	Nil
(c) Earnings in Foreign Currency	Nil	Nil

13. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year figures

### 14. Information pursuant to Part IV to the Companies Act, 1956.

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

##### I. REGISTRATION DETAIL :

Registration No : 7995 State Code 04  
Balance Sheet Date : 31.03.2009

##### II CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue : NIL Right Issue NIL  
Bonus Issue : NIL Private Placement NIL

##### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities : 228,848 Total Assets 228,848

##### Sources of Funds

Paid - up Capital : 8,656 Reserve & Surplus 23,039  
Secured Loans : 54,788 Unsecured Loans 140,571  
Deferred Taxation (Net) : 1,794

##### Application of Funds

Net Fixed Assets : 173,887 Investments 7,002  
Net Current Assets : 47,937 Misc. Expenditure 22  
Accumulated Losses : NIL

##### IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover : 1,579,062 Total Expenditure 1,573,913  
Profit/Loss before Tax : 5149 Profit after Tax 977  
Earnings per Share(Rs.) : 1.12 Dividend Rate 10 %  
Annualised.

##### V GENERIC NAME OF PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No. (ITC Code) : 040210.09  
Product Description : Marketing of Ice-cream and Frozen Desert.  
Item Code No. (ITC Code) : 081290.02  
Product Description : Marketing of Mango Pulp.

For and on behalf of the Board

For **KANTILAL PATEL & CO.**  
Chartered Accountants

**Ramchandra R. Gandhi** - Chairman & Managing Director  
**Jayantilal M. Shah** - Director  
**Ruchita Gurjar** - Company Secretary

**Mayank S. Shah**  
Partner

Place: Ahmedabad  
Date : June 30, 2009

Place: Ahmedabad  
Date : June 30, 2009



**FORM OF PROXY  
VADILAL ENTERPRISES LIMITED**

Share Dept.: Vadilal House, Shrimali Society,  
Nr. Navrangpura Railway Crossing,  
Navrangpura, Ahmedabad - 380 009.

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member/members of VADILAL ENTERPRISES LIMITED, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

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

as my/our Proxy to vote for me/us on my/our behalf at the 24th Annual General Meeting of the members of the Company to be held on Tuesday, the 29th September, 2009, at 12.30 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 \_\_\_\_\_

Signature \_\_\_\_\_

Affix  
15 paise  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

\* 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 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 ENTERPRISES LIMITED**

Share Dept.: Vadilal House, Shrimali Society,  
Nr. Navrangpura Railway Crossing,  
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.

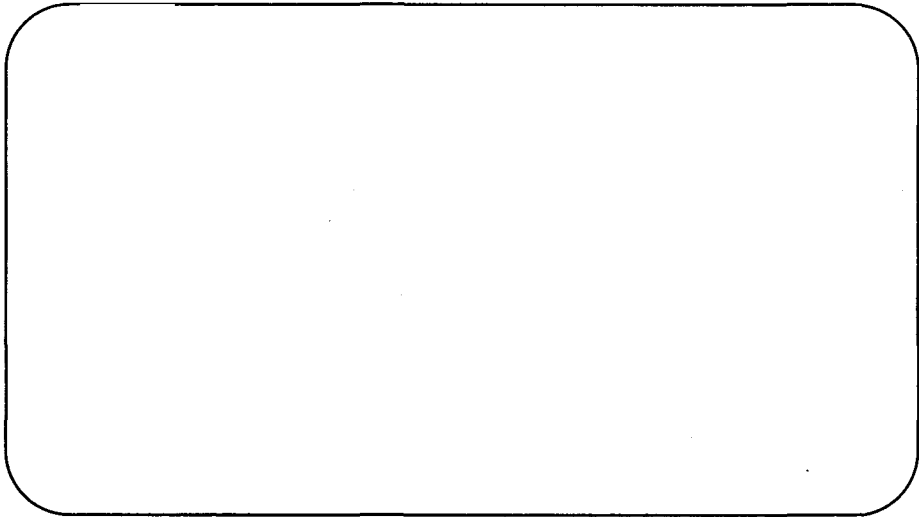
Name	Regd. Folio No. / DP ID No. and Client ID No.*	No. of Shares held
Shareholder _____ _____		
Proxy _____		

I hereby record my presence at the 24th Annual General Meeting of the members of the Company on Tuesday, the 29th September, 2009, at 12.30 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

Book - Post



If undelivered please return to :



**VADILAL ENTERPRISES LIMITED**

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

Phone : 079-26564018 to 23, 66146146

