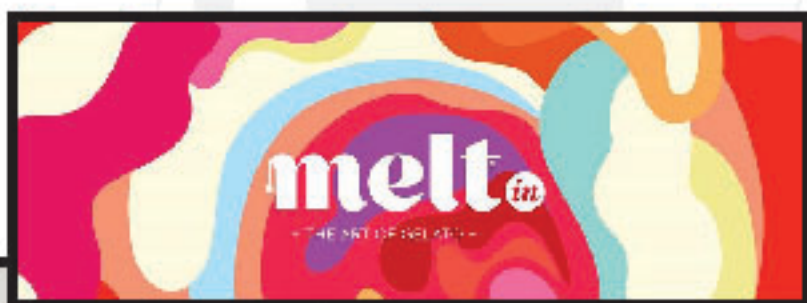




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|   |  |
|---|--|
| <b>CHAIRMAN EMERITUS :</b>  | Ramchandra R. Gandhi   |
| <b>BOARD OF DIRECTORS</b>   |  |
| <b>VICE-CHAIRMAN AND<br/>MANAGING DIRECTOR :</b>                            | Virendra R. Gandhi   |
| <b>MANAGING DIRECTORS :</b>   | Rajesh R. Gandhi<br>Devanshu L. Gandhi   |
| <b>INDEPENDENT DIRECTORS :</b>  | C. M. Maniar<br>Kshitish M. Shah<br>Rohit J. Patel<br>Rajesh K. Pandya   |
| <b>COMPANY SECRETARY :</b>  | Nikhil Patel   |
| <b>AUDITORS :</b>   | M/s. Kantilal Patel & Co.<br>Chartered Accountants,<br>Ahmedabad<br>(A member Firm of Polaris International, USA)  |
| <b>BANKERS :</b>  | Bank of Baroda<br>State Bank of India<br>State Bank of Travancore<br>Export-Import Bank of India (Exim Bank)<br>IDBI Bank Ltd.   |
| <b>REGISTERED OFFICE :</b>  | Vadilal House, Shrimati Society,<br>Nr. Navrangpura Rly. Crossing,<br>Navrangpura, Ahmedabad - 380 009.<br>Phone : 079 - 26564019 to 24, 30153347<br>Fax : 079 - 26564027<br>Web : www.vadilalgroup.com  |
| <b>SHARE DEPARTMENT :</b>   | B/404, 4th Floor, "Time Square"<br>Building, C. G. Road,<br>Nr. Lal Bungalow Char Rasta,<br>Navrangpura, Ahmedabad - 380 009.<br>Phone : 079-30153185<br>Fax : 079-30153102  |
| <b>REGISTRAR &amp; SHARE<br/>TRANSFER AGENT :</b><br>(For Physical & Demat) | MCS Limited, 101, Shatdal Complex,<br>1st Floor, Opp. Bata Show Room,<br>Ashram Road, Ahmedabad - 380 009.<br>Phone : 079 - 26582878 / 26584027 /<br>9327055153<br>Fax : 079 - 26581296  |
| <b>FACTORIES :</b>  | <b>Ice-cream Division :</b><br>1. Village Pundhra, Tal. Mansa,<br>Dist. Gandhinagar (Gujarat)<br><br>2. Parsakhara Industrial Area,<br>Bareilly (Uttar Pradesh)<br><br><b>Processed Foods Division</b><br>Dharampur, Dist. Valsad (Gujarat)<br><br><b>Forex Division</b><br>(Money Changing Business)<br>Vadilal House, Navrangpura, Ahmedabad.<br>Ph.: 079-26564025, 26421193 |

## 29th ANNUAL GENERAL MEETING

|              |  |
|--------------|--|
| <b>Day</b>   | - Saturday   |
| <b>Date</b>  | - 21st September, 2013   |
| <b>Time</b>  | - 2.00 p.m.  |
| <b>Venue</b> | - GICEA, Gajjar Hall, Nirman Bhavan,<br>Opp. Law Garden, Ellisbridge,<br>Ahmedabad - 380 008 |

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## NOTICE

**NOTICE** is hereby given that the **29<sup>th</sup> ANNUAL GENERAL MEETING** of the members of **VADILAL INDUSTRIES LIMITED** will be held on Saturday, the 21st day of September, 2013, at 2.00 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 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the year ended on 31st March, 2013.
- 3) To appoint a Director in place of Mr. C.M. Maniar, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Rohit J. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Mr. Virendra R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 6) To appoint a Director in place of Mr. Rajesh R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 7) To appoint a Director in place of Mr. Devanshu L. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 8) To appoint M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad (Registration No. 104744W) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration, apart from reimbursement of out-of-pocket expenses and applicable taxes.

### SPECIAL BUSINESS :

- 9) **Re-appointment of Mr. Rajesh R. Gandhi as Managing Director for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 with payment of remuneration for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017.**

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, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable, and also subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Rajesh R. Gandhi as a Managing Director of the Company for a further period of Five (5) years with effect from 1<sup>st</sup> April, 2014 and payment of remuneration, perquisites, allowances and commission to him for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 and upon the terms and conditions as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved, with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and/or vary the terms and conditions of the said re-appointment and/or remuneration including commission, perquisites and allowances payable from time to time as they deem fit and/or draft Agreement in such manner as may be agreed upon by the Board of Directors and Mr. Rajesh R. Gandhi within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and/or modification(s) thereto and if necessary as may be agreed to between the Central Government and the Board of Directors and as may be acceptable to Mr. Rajesh R. Gandhi."

**"RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequacy of profits during the period of 3 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, the remuneration payable to him shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act, as amended from time to time subject to the compliance of provisions thereof."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the Agreement (including minimum remuneration) to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the

time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Act and the terms of the aforesaid Agreement between the Company and Mr. Rajesh R. Gandhi shall be suitably modified to give effect to such variation or increase as the case may be, subject to such approvals as may be required by the law."

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

**10) Re-appointment of Mr. Devanshu L. Gandhi as Managing Director for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 with payment of remuneration for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017.**

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, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable, and also subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Devanshu L. Gandhi, as a Managing Director of the Company for a further period of Five (5) years with effect from 1<sup>st</sup> April, 2014 and payment of remuneration, perquisites, allowances and commission to him for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 and upon the terms and conditions as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved, with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and/or vary the terms and conditions of the said re-appointment and/or remuneration including commission, perquisites and allowances payable from time to time as they deem fit and/or draft Agreement in such manner as may be agreed upon by the Board of Directors and Mr. Devanshu L. Gandhi within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and/or modification(s) thereto and if necessary as may be agreed to between the Central Government and the Board of Directors and as may be acceptable to Mr. Devanshu L. Gandhi."

**"RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequacy of profits during the period of 3 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, the remuneration payable to him shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act, as amended from time to time subject to the compliance of provisions thereof."

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

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

**11) Commencement of new business.**

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

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



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

**12) Increase in Borrowing Limits.**

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

**"RESOLVED THAT** in supersession of an Ordinary Resolution passed for enhancing the borrowing limits upto Rs. 225.00 crores at the 26<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2010, the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorized, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money whether rupee loans or foreign currency loans or other external commercial borrowings (including non-fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate or from any other sources, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs. 275.00 Crore (Rupees Two Hundred Seventy Five Crore only) over and above the aggregate of the then paid-up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

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

**13) Creation of Charge.**

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

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



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

**By order of the Board  
For VADILAL INDUSTRIES LIMITED**

**RAJESH R. GANDHI  
Managing Director**

**Registered Office :**

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

Dated : 14<sup>th</sup> August, 2013.

**NOTES :**

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE **SHARE DEPARTMENT** OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the meeting.
- (c) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (d) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above Notice is annexed hereto.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2013 to 21st September, 2013 (both days inclusive) for the purpose of payment of dividend on Equity Shares of the Company for the year ended 31st March, 2013 as recommended by the Board and if declared at the Annual General meeting.
- (f) Dividend of Rs.1.50/- per share (@ 15.00%) on Equity Shares for the year ended on 31st March, 2013 as recommended by the Board, if declared at the meeting, will be paid without deduction of tax at source :  
# to those members, whose names appear on the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company/Share Transfer Agent on or before 13th September, 2013, or  
# in respect of shares held in electronic form, to those "Beneficial Owners" whose names appear in the Statement of Beneficial Ownership furnished by NSDL and CDSL as at the end of business hours on 13th September, 2013.
- (g) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agents can not act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- (h) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends declared upto the financial year ended on 31st March, 1994 (18 months) to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend by an application in Form II of the aforesaid Rules to the Registrar of Companies, Gujarat at ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad - 380 013.  
However, pursuant to Section 205A of the Act as amended by the Companies (Amendment) Act, 1999 (1st Amendment), which came into effect from 31-10-1998, the Company has already transferred unclaimed dividend declared for the financial year ended on 31st March, 1995, 31st March, 1996, 31st March, 1997 (Interim & Final Dividend) and 30th September, 1998 (18 months) to the Investor Education



and Protection Fund (IEPF) established by the Government under Section 205C(1) of the Act.

The amount of dividend for the financial year ended on 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 remaining unpaid or unclaimed for a period of 7 years is due for transfer to the Investor Education and Protection Fund on 1st November, 2013, 3rd November, 2014, 3rd November, 2015, 31st October, 2016, 4<sup>th</sup> November, 2017, 1<sup>st</sup> November, 2018 and 3rd November, 2019 respectively. Members, who have so far not encashed their dividend warrants for the said financial years, are requested to approach the Company for revalidation or duplicate dividend warrants. Thereafter, no claims shall lie against the said Fund or the Company for the amount of dividend so transferred nor shall any payment be made in respect of such claims.

- (i) Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- (j) Members are requested to intimate immediately the change in their registered address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company or Share Transfer Agent, in respect of their physical share folios, if any. In case of mailing address mentioned on this Annual Report is without PINCODE, members are requested to kindly inform their PINCODE immediately.
- (k) Relevant documents referred to in the accompanying Notice are open for inspection for the members at the Share Department of the Company on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m., upto the date of this Annual General Meeting.
- (l) Members are requested to bring their copy of Annual Report to the meeting, as the copies of Annual Report will not be distributed at the meeting.
- (m) Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its **Share Department**, at least 10 days before the date of the meeting.
- (n) At this Annual General Meeting, Mr. C. M. Maniar, Mr. Rohit J. Patel, Mr. Virendra R. Gandhi, Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Directors of the Company, shall retire by rotation and being eligible, offer themselves for re-appointment. Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi are to be re-appointed as Managing Directors of the Company.

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

**Mr. C. M. Maniar**

Mr. C. M. Maniar is a Partner in the Firm of Crawford Bayley & Co., Solicitors & Advocates, Mumbai. He holds degrees of Master of Arts (Economic & Politics), Bachelor of Commerce and Bachelor of Laws of the University of Bombay. He is an Advocate and a member of the Maharashtra Bar Council. He specialises in Corporate and Commercial Laws with special reference to Company Law, Foreign & Technical Collaborations, Anti-trust and Competition Laws, Cosmetics and Insecticides, Intellectual and Industrial Property Laws - Trade Marks, Patents, Designs and Copyright and drafting of documents generally. He is a Director in following other Companies. He is a member of Remuneration Committee of the Directors of the Company. He is also a member/chairman of various committees of the other Companies, such as Audit Committee, Share Transfer Committee, Shareholder/ Investors' Grievance Committee, as mentioned hereunder. Mr. C. M. Maniar does not hold any shares in Vadilal Industries Limited.

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

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

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

Mr. Virendra R. Gandhi is a Vice-Chairman & Managing Director of the Company. He has vast experience in the Ice-cream business. He is associated with the Company since its inception. He is also a Managing Director of Vadilal Chemicals Limited. He is also a Director in the following other Companies. Mr. Virendra R. Gandhi is a Chairman of Share Transfer Committee of Vadilal Enterprises Limited. Mr. Virendra R. Gandhi is also a member of Share Transfer & Investors' Grievance Committee of your Company as well as Vadilal Chemicals Limited. Mr. Virendra R. Gandhi holds 1,60,252 Equity Shares of Rs. 10/- each in Vadilal Industries Limited in his individual capacity.

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

Mr. Rajesh R. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream & Processed Food Business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Production, QA/QC, R & D, Logistics (Ice-cream Transportation), Cups & Cones, Purchase (Capital Goods & Deep Freeze Machines) of Ice-cream Division is taken care by him. He also looks after Sales & Marketing of Ice-cream Exports and Happinezz Parlors owned and/or managed by Group. For Processed Food Division, Mr. Rajesh R. Gandhi looks after exports and domestic sales, international freight, Government subsidies of entire division. For construction, he takes care of sales and marketing and legal. The total portfolio of Finance, Accounts, MIS, Taxation, Internal Audit, EDP, Secretarial, Legal, Insurance, Systems, all Taxes and DGFT, and Human Resource of all above mentioned departments and P & A of Head Office is taken care by him. He is on the Board of following other Companies. He is also a Member of the following committees of other Companies. Mr. Rajesh R. Gandhi holds 2,27,721 shares in Vadilal Industries Limited in his individual capacity.

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

### **Mr. Devanshu L. Gandhi**

Mr. Devanshu L. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream and Processed Food business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Domestic Sales and Marketing of Ice-cream Division, Government Subsidies of Ice-cream plants and Revenue Expenses of Refrigeration Service Division. Mr. Devanshu L. Gandhi looks after Production, Purchase, Works, QC, R & D of Processed Food Division. He looks after purchase of Land & Materials, Project Commissioning and Legal for Construction Division. Entire Forex Division (FFMC & Consultancy Services) and Human Resource and P & A (respective) is taken care by him. He is on the Board of following other Companies. He is also a Member of the following committees of other Companies. Mr. Devanshu L. Gandhi holds 3,33,276 shares in Vadilal Industries Limited in his individual capacity.

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| <b>Directorship:</b> <ul style="list-style-type: none"> <li>➤ Vadilal Enterprises Limited</li> <li>➤ Vadilal International Private Limited</li> <li>➤ Vadilal Chemicals Limited</li> <li>➤ Vadilal Gases Limited</li> <li>➤ Vale Properties Private Limited</li> <li>➤ Valiant Constructions Private Limited</li> <li>➤ Byad Packaging Industries Private Limited</li> <li>➤ Esveegee Wires and Metals Private Limited</li> <li>➤ Numen Technologies Private Limited</li> </ul> | <b>Member of the Board Committees:</b> <p><b>Shareholders/ Investors' Grievance</b></p> <p>Committee and/or Share Transfer Committee:</p> <ul style="list-style-type: none"> <li>➤ Vadilal Industries Limited</li> <li>➤ Vadilal Enterprises Limited</li> <li>➤ Vadilal Chemicals Limited</li> </ul> |
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## **ANNEXURE TO NOTICE**

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

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

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

The present term of office of Mr. Rajesh R. Gandhi as a Managing Director of the Company will expire on 31<sup>st</sup> March, 2014. The Board of Directors of the Company at their meeting held on 30<sup>th</sup> May, 2013 has, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable, re-appointed Mr. Rajesh R. Gandhi as a Managing Director of the Company for a further period of 5 (five) years with effect from 1<sup>st</sup> April, 2014, on the terms and conditions as to the re-appointment and payment of remuneration by way of salary, perquisites, allowances and commission for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi.

The Department of Company Affairs has vide notification dated 16<sup>th</sup> January, 2002, amended Schedule XIII to the Companies Act, 1956, revising the limits for payment of managerial remuneration by Companies. Pursuant to the said notification, the Remuneration Committee of the Company has, at its meeting held on 30<sup>th</sup> May, 2013 approved the payment of remuneration by way of salary, perquisites, allowances and commission for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 to Mr. Rajesh R. Gandhi as mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable.

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

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

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

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





3. Remuneration for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017:

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

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

**Notes:**

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

**Other Perquisites and Allowances**

- A) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- B) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- C) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.  
  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.
- D) Encashment of leave as per Rules of the Company and will not be included in the ceiling on perquisites.

4. Commission :

In addition to the Salary, Perquisites and other Allowances as mentioned above and in case of Company having adequate profit in any financial year during the period of 3 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, Mr. Rajesh R. Gandhi shall also be entitled for such financial year to a Commission at the rate of 2.00% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.

5. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year, during the period of 3 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as set out in Part B of 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) as minimum remuneration and in excess of minimum remuneration, subject to approval of the Central Government.
6. The Company shall also re-imburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.
7. The terms and conditions of payment of remuneration, perquisites, allowances and commission specified hereinabove may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines as may be announced by the Central Government from time to time.
8. The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
9. The Managing Director shall not be liable to retire by rotation.
10. For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

11. A Statement as per requirement of Schedule XIII is given to the Shareholders containing following information of the Company and Mr. Rajesh R. Gandhi :-

**I. GENERAL INFORMATION :**

**(1) Nature of industry**

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

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

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

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

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

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

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

The Company is in existence since 1982.

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

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

(₹ in Lacs)

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

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

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

(₹ in Lacs)

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

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

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

**II. INFORMATION ABOUT THE APPOINTEE:**

**(1) Background details :**

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

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

**(2) Recognition or awards:**

Vadilal has won 22 awards over 3 consecutive years : 2008 , 2009 and 2010 at 'The Great Indian Ice Cream Contest' organised by the Indian Dairy Association. Various categories for awards



were: **The Best in Class (3):** Chocolate Frozen Dessert, Standard Chocolate Ice Cream, Rose Coconut Shell (Innovation – Novelty) **Gold Medal (4):** Standard Chocolate Ice Cream, Chocolate Frozen Dessert, Vanilla Frozen Dessert and Rose Coconut Shell (Innovation – Novelty), **Bronze Medal (1)** Natural Orange (Premium without Inclusion).

In 2013, the Company has been voted as the “Most Trusted Ice-cream brand in India” as per the Brand Trust Report-2013. Also, the Economic Times Survey ranked us among the “Top 20 Food” brands in India.

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

The Company has always made continuous efforts to improve the “**OVERALL PRODUCT QUALITY**” by following the stringent **GMP norms** and continuous process innovation. This is the evident of the achievement of **FSMS** (Food Safety Management System) Certifications i.e. **BRC:Issue-6** with Grade “**A**”, **ISO-22000:2005** and **HALAL** for our Processed Food Division (PFD), located at Dharampur, Dist. Valsad, Gujarat.

The PFD Manufacturing facility is also listed in “**Two Star Export House**” Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products -**APEDA**.

The Ice Cream plants of the Company located in two locations i.e. Pundhra in Gujarat & Bareilly in UP are also certified for **ISO-22000:2005** and **BRC : Issue 6** for Food Safety Management System is another feather in the cap of the Company.

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

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

#### **(4) Remuneration proposed**

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

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

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

### **III. OTHER INFORMATION :**

#### **Reasons of loss or inadequate profits**

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

### **IV. DISCLOSURES:**

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

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

- (2) Apart from remuneration payable to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the company, the Company does not pay any remuneration including bonus, stock



options, pension, etc. to the other directors of the Company. The Company only pays sitting fees to the Non-executive Directors of the Company for attending the meeting of Board of Directors and Committees thereof.

- (3) The Company has already executed Agreement with Mr. Rajesh R. Gandhi for the period of five years w.e.f. 1<sup>st</sup> April, 2009 for his re-appointment, Supplemental Agreement for payment of remuneration for first three years from 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2012 and Second Supplemental Agreement for payment of remuneration for remaining period of 2 years from 1<sup>st</sup> April, 2012 upto 31<sup>st</sup> March, 2014.

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

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

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

As such, the Special Resolution as set out in this item of Notice is accordingly commended for your acceptance.

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

The draft Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi and referred to in the Resolution contained in Item No. 9 of the Notice is available for inspection at the Share Department of the Company on all working days except Saturdays between 2.00 p.m. and 4.00 p.m. upto the date of Annual General Meeting.

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

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

The present term of office of Mr. Devanshu L. Gandhi as a Managing Director of the Company will expire on 31<sup>st</sup> March, 2014. The Board of Directors of the Company at their meeting held on 30<sup>th</sup> May, 2013 has, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable, re-appointed Mr. Devanshu L. Gandhi as a Managing Director of the Company for a further period of 5 (five) years with effect from 1<sup>st</sup> April, 2014, on the terms and conditions as to the re-appointment and payment of remuneration by way of salary, perquisites, allowances and commission for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi.

The Department of Company Affairs has vide notification dated 16<sup>th</sup> January, 2002, amended Schedule XIII to the Companies Act, 1956, revising the limits for payment of managerial remuneration by Companies. Pursuant to the said notification, the Remuneration Committee of the Company has, at its meeting held on 30<sup>th</sup> May, 2013 approved the payment of remuneration by way of salary, perquisites, allowances and commission for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 to Mr. Devanshu L. Gandhi as mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi, subject to the approval of Shareholders in General Meeting and approval of Central Government, if applicable.

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

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

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

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

3. Remuneration for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017:

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

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

**Notes:**

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

**Other Perquisites and Allowances**

- A) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- B) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- C) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.
- D) Encashment of leave as per Rules of the Company and will not be included in the ceiling on perquisites.

4. **Commission :**

In addition to the Salary, Perquisites and other Allowances as mentioned above and in case of Company having adequate profit in any financial year during the period of 3 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, Mr. Devanshu L. Gandhi shall also be entitled for such financial year to a Commission at the rate of 2.00% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.

5. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year, during the period of 3 years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as set out in Part B of 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) as minimum remuneration and in excess of minimum remuneration, subject to approval of the Central Government.
6. The Company shall also re-imburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.
7. The terms and conditions of payment of remuneration, perquisites, allowances and commission specified hereinabove may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines as may be announced by the Central Government from time to time.
8. The Managing Director, so long as he function as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
9. The Managing Director shall not be liable to retire by rotation.
10. For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.
11. A Statement as per requirement of Schedule XIII is given to the Shareholders containing following information of the Company and Mr. Devanshu L. Gandhi :-

## I. GENERAL INFORMATION :

### (1) Nature of industry

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

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

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

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

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

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

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

The Company is in existence since 1982.

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

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

(₹ in Lacs)

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

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

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

(₹ in Lacs)

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

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

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

## II. INFORMATION ABOUT THE APPOINTEE:

### (1) Background details:

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

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

### (2) Recognition or awards:

Vadilal has won 22 awards over 3 consecutive years : 2008 , 2009 and 2010 at 'The Great Indian Ice Cream Contest' organised by the Indian Dairy Association. Various categories for awards were: **The Best in Class (3):** Chocolate Frozen Dessert, Standard Chocolate Ice Cream, Rose Coconut Shell (Innovation – Novelty) **Gold Medal (4):** Standard Chocolate Ice Cream, Chocolate Frozen Dessert, Vanilla Frozen Dessert and Rose Coconut Shell (Innovation – Novelty), **Bronze Medal (1)** Natural Orange (Premium without Inclusion).

In 2013, the Company has been voted as the "Most Trusted Ice-cream brand in India" as per the Brand Trust Report-2013. Also, the Economic Times Survey ranked us among the "Top 20 Food" brands in India.



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

The Company has always made continuous efforts to improve the “**OVERALL PRODUCT QUALITY**” by following the stringent **GMP norms** and continuous process innovation. This is the evident of the achievement of **FSMS** (Food Safety Management System) Certifications i.e. **BRC:Issue-6** with Grade “**A**”, **ISO-22000:2005** and **HALAL** for our Processed Food Division (PFD), located at Dharampur, Dist. Valsad, Gujarat.

The PFD Manufacturing facility is also listed in “**Two Star Export House**” Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products -**APEDA**.

The Ice Cream plants of the Company located in two locations i.e. Pundhra in Gujarat & Bareilly in UP are also certified for **ISO-22000:2005** and **BRC : Issue 6** for Food Safety Management System is another feather in the cap of the Company.

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

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

**(4) Remuneration proposed**

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

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

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

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

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

**IV. DISCLOSURES:**

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

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

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

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

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

As such, the Special Resolution as set out in this item of Notice is accordingly commended for your acceptance. This explanation together with the accompanying notice is and should be treated as an abstract of the terms

of re-appointment and payment of remuneration as mentioned in the draft Agreement proposed to be entered into between the Company and Mr. Devanshu L. Gandhi under Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi and referred to in the Resolution contained in Item No. 10 of the Notice is available for inspection at the Share Department of the Company on all working days except Saturdays between 2.00 p.m. and 4.00 p.m. upto the date of Annual General Meeting.

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

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

The Company proposes to enter into manufacturing and selling of various dairy and other milk products including but not limited to Milk and Milk Base products, Paneer, Whipped Cream, Butter Milk, Yogurt, Curd, Milk Shake etc.

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

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

The Directors therefore recommend the Special Resolution as mentioned in Item No. 11 of the Notice for approval of the Members for commencement of business as mentioned in Sub-clauses 31 and 37 of "Other Objects" of Clause III(C) of the Memorandum of Association.

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

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

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

The Shareholders of the Company had at the 26<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2010 approved borrowings upto an amount of Rs. 225.00 crores i.e. In excess of the paid-up capital and its free reserves and authorized the Board to borrow funds from time to time for the business of the Company.

Keeping in view the Company's business requirements and its growth plans including expansion made recently by the Company and also for further proposed expansion-cum-modernisation of its Ice-cream manufacturing plants situated at Pundhra and Bareilly and Processed Food manufacturing plant situated at Dharampur, it is considered desirable to increase the said borrowing limits from Rs. 225.00 Crores to Rs.275.00 Crores.

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

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

#### **ITEM NO. 13**

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

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

The Directors therefore recommend the Resolution as mentioned in Item No. 13 of the Notice for approval of the Members.

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

**By order of the Board  
For VADILAL INDUSTRIES LIMITED**

**RAJESH R. GANDHI  
Managing Director**

#### **Registered Office :**

Vadilal House, Shrimali Society,  
Nr. Navrangpura Rly. Crossing,  
Navrangpura, Ahmedabad - 380 009.  
Dated : 14<sup>th</sup> August, 2013.



## DIRECTORS' REPORT

To,  
The Members,  
VADILAL INDUSTRIES LIMITED  
Ahmedabad.

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

### REVENUE FROM OPERATIONS

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

### FINANCIAL RESULTS:

(₹ in lacs)

| Particulars  | Year ended<br>31-3-2013 | Previous year<br>ended 31-3-2012 |
|--|-------------------------|----------------------------------|
| (a) Earning before Interest, Tax, Depreciation and Amortization (EBITDA)                     | 4490.11                 | 3881.91                          |
| (b) Finance Cost   | 2481.63                 | 1989.32                          |
| (c) Depreciation and amortization expenses   | 1152.03                 | 952.39                           |
| Less : Recoupment from Revaluation Reserve / Deferred Government Grant                       | <u>53.53</u>            | <u>20.73</u>                     |
|  | 1098.50                 | 931.66                           |
| (d) Profit before Exceptional and Extraordinary Items and Tax                                | 909.98                  | 960.93                           |
| (e) Exceptional Items  | <u>0.00</u>             | <u>0.00</u>                      |
| (f) Profit before Extraordinary Items and Tax  | 909.98                  | 960.93                           |
| (g) Extraordinary Items  | <u>0.00</u>             | <u>0.00</u>                      |
| (h) Profit before Tax  | 909.98                  | 960.93                           |
| (i) Tax Expenses   |                         |                                  |
| (a) Current (MAT Tax)  | 178.06                  | 189.73                           |
| Less : MAT Credit entitlement  | <u>(99.98)</u>          | <u>(175.43)</u>                  |
| (b) Deferred Tax charge / (release)  | 196.20                  | 311.71                           |
| (c) Short/(Excess) Provision of Tax / Deferred Tax of earlier years (Net)                    | <u>38.28</u>            | <u>9.68</u>                      |
|  | 312.56                  | 335.69                           |
| (j) Profit/(Loss) for the period   | 597.42                  | 625.24                           |
| (k) <b>Surplus in the Statement of Profit and Loss:</b>                                      |                         |                                  |
| Balance as per last Financial Statements   | 323.51                  | 323.58                           |
| Profit for the year  | 597.42                  | 625.24                           |
| Less : Appropriations:   |                         |                                  |
| (a) Proposed final equity dividend (amount per share ₹1.50/- P. Y. amount per share ₹1.50/-) | 107.82                  | 107.82                           |
| (b) Tax on proposed equity dividend  | 18.32                   | 17.49                            |
| (c) Transferred to General Reserve   | <u>300.00</u>           | <u>500.00</u>                    |
| Total Appropriations   | 426.14                  | 625.31                           |
| Net Surplus in the statement of Profit and Loss:   | <u>494.79</u>           | <u>323.51</u>                    |

### DIVIDEND :

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

### MANAGEMENT DISCUSSION AND ANALYSIS:

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



#### **ADDITIONAL DISCLOSURES:**

In line with the requirements of the Listing Agreement with the Stock Exchanges and the Accounting Standards of the Institute of Chartered Accountants of India, your Company has made additional disclosures in the Notes on Accounts for the year under review in respect of Related Party Transactions, Employees Benefits, Taxes on Income, Derivative Instruments, Segmental Reporting (in Notes on Consolidated Accounts), Calculation of EPS, Foreign Currency Transactions etc.

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

##### **AWARDS AND CERTIFICATIONS:**

Vadilal has won 22 awards over 3 consecutive years : 2008 , 2009 and 2010 at ‘The Great Indian Ice Cream Contest’ organised by the Indian Dairy Association. Various categories for awards were: **The Best in Class (3):** Chocolate Frozen Dessert, Standard Chocolate Ice Cream, Rose Coconut Shell (Innovation – Novelty) **Gold Medal (4):** Standard Chocolate Ice Cream, Chocolate Frozen Dessert, Vanilla Frozen Dessert and Rose Coconut Shell (Innovation – Novelty), **Bronze Medal (1)** Natural Orange (Premium without Inclusion).

In 2013, the Company has been voted as the “Most Trusted Ice-cream brand in India” as per the Brand Trust Report-2013. Also, the Economic Times Survey ranked us among the “Top 20 Food” brands in India.

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

The Company has always made continuous efforts to improve the “**OVERALL PRODUCT QUALITY**” by following the stringent **GMP norms** and continuous process innovation. This is the evident of the achievement of **FSMS** (Food Safety Management System) Certifications i.e. **BRC:Issue-6** with Grade “**A**”, **ISO-22000:2005** and **HALAL** for our Processed Food Division (PFD), located at Dharampur, Dist. Valsad, Gujarat.

The PFD Manufacturing facility is also listed in “**Two Star Export House**” Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products -**APEDA**.

The Ice Cream plants of the Company located in two locations i.e. Pundhra in Gujarat & Bareilly in UP are also certified for **ISO-22000:2005** and **BRC : Issue 6** for Food Safety Management System is another feather in the cap of the Company.

##### **FINANCE:**

During the year under review, the Company has availed the Term Loans from various Term Lenders towards part financing the expansion-cum-modernization of its existing manufacturing units. The Company has also availed Enhanced working capital facilities from Banks. The Company has also availed Short Term Loan from Banks, FIs, various Parties and other Companies. During the year, the Company has made regular repayment of Loan & interest and there is no any overdue payment to Banks and FIs. The Company has reduced the Finance cost by reducing the Rate of Interest.

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

##### **FIXED DEPOSITS:**

The Company has no overdue deposits outstanding other than those unclaimed deposits of ₹ 30.21 lacs as on 31st March, 2013. As on date of this Report, deposits aggregating ₹ 14.68 lacs thereof have been claimed and either paid or renewed. The Company has mobilised Fixed Deposit of ₹ 1063.98 lacs during the year ended on 31st March, 2013, after complying with the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended. After repaying the maturities during the year, the total Fixed Deposits as on 31st March, 2013 stood at ₹ 1617.17 lacs.

##### **SUBSIDIARY COMPANY:**

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

However, the Company undertakes that the Reviewed/Audited Financial Statements of Vadilal Industries (USA) Inc. for the year ended on 31-3-2013, alongwith reports of Directors and Independent Accountant thereon shall be made available to shareholders and a hard copy of the same shall be provided to the shareholders, on their written request. The said Reviewed/Audited Financial Statements of Vadilal Industries (USA) Inc. for the year



ended on 31-3-2013, alongwith reports of Directors and Independent Accountant thereon including Statement under Section 212(1)(e) shall also be available for inspection by any shareholder of the Company, **at the Share Department** of the Company on any working days except Saturdays between 2.00 p.m. to 4.00 p.m. upto the date of Annual General Meeting.

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

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

#### **CORPORATE GOVERNANCE:**

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

#### **RESPONSIBILITY STATEMENT:**

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

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

#### **INSURANCE:**

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

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

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

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

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

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

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

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

Considering the negligible volume of trading at Ahmedabad Stock Exchange Limited, the Board of Directors has,

at its meeting held on 30<sup>th</sup> May, 2012 approved to voluntarily delist total 71,87,830 Equity Shares of Rs. 10/- each of the Company from the Ahmedabad Stock Exchange Limited. On application of the Company, the Ahmedabad Stock Exchange Limited has, vide a letter dated 31<sup>st</sup> July, 2012 approved the delisting of the aforesaid Equity Shares of the Company from the exchange and the said shares has been removed from the list of the exchange w.e.f. 31<sup>st</sup> July, 2012.

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

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

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

#### **DIRECTORS:**

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

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

Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, who have been associated with the Company since its inception and looking after day-to-day affairs of the Company, have been re-appointed as Managing Directors of the Company for further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 with payment of remuneration for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014. Necessary resolutions have been incorporated in the Notice of the Meeting seeking Members approval for the same. The brief resume / details relating to the said Managing Directors who are to be re-appointed as Managing Directors are furnished in the Notes to the Notice of Annual General Meeting.

During the year under review, Mr. Ramchandra R. Gandhi ceased to be a Director and Chairman of the Company w.e.f. 3<sup>rd</sup> November, 2012 due to ill health. Mr. Ramchandra R. Gandhi was promoter and non-executive Director of the Company and Chairman of the Board of Directors of the Company. Considering the association of Mr. Ramchandra R. Gandhi as a co-founder with entire Vadilal Group since its inception and contributions made by him in the growth and development of the Group, Mr. Ramchandra R. Gandhi has been designated as "Chairman Emeritus" w.e.f. 3<sup>rd</sup> November, 2012.

#### **CORPORATE SOCIAL RESPONSIBILITY**

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

#### **AUDITORS:**

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

#### **AUDITORS' REPORT (EMPHASIS OF MATTER) OF THE COMPANY:**

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

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



2. Regarding observation on Note 27.6, the Board clarifies that Company has made investment in equity of overseas subsidiary company for ₹ 11.74 Lacs and by way of loans of ₹ 125.58 Lacs for the purpose of initial development and long term growth. In view of long term involvement and expected increase in business of subsidiary, the company is of the view that there is no decline other than temporary in the value of investment and that advances given will be fully realisable.

#### **COST AUDITORS:**

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

Further, the Ministry of Corporate Affairs has, by an industry specific Cost Audit Order dated 24th January, 2012 ordered audit of Cost Records under Section 233(B) of the Company's Act, 1956 for "Packaged Food Products". Accordingly, the Company has appointed Mr. Vinod Himmatlal Shah, Cost Accountant, Ahmedabad, having Membership No. 889 as Cost Auditor of the Company, to audit the Cost records maintained by the Company, for the Financial Year – 2013-2014. The appointment of Mr. Vinod Himmatlal Shah as a Cost Auditor of the Company for the Financial Year – 2013-2014 has been approved by the Central Government.

#### **ACKNOWLEDGEMENT:**

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

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

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

**By Order of the Board of Directors**

Date : 14th August, 2013.  
Place : Ahmedabad

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

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

### **ANNEXURE "A" TO THE DIRECTORS' REPORT** **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **1) INDUSTRY STRUCTURE & DEVELOPMENT, BUSINESS OVERVIEW AND SUSTAINABLE GROWTH OPPORTUNITIES.**

##### **a) Ice-cream Division**

##### **Overview**

India is the largest milk producer in the world with an estimated annual production of more than 100 million tons of ice-creams per year. Considering Indian economy's quantum growth in recent years, ice-cream market is also zooming at new horizons. Total Indian Market size is estimated approx. Rs. 3000 crores, with the organized sector market estimated at Rs. 2000 crores.

An ice cream treat makes life a little sweeter and refreshing. In fact, the Vadilal range of ice cream and frozen desserts products offers delights and pleasures to enhance everyday occasions as well as life's special moments.

Increasing urbanisation, rising disposable income and increasing "out of home food" consumption coupled with the ever increasing food variety available in the markets closer to home; are some of the reasons fuelling the Ice-cream segment.

The industry structure and ongoing transformation offers opportunities for organized players to invest and grow. Vadilal Ice-cream division has shown a sustainable annual growth consistently.

The Company works to deliver the best tasting products and continuously improves its ice-cream range for nutritional profile and benefits.

##### **DEVELOPMENTS**

Keeping with the tradition of regular growth through innovative product launches, the Company launched Badabite, Flingo and Gourmet, which created a storm in the Indian Ice-cream Market in 2011. As Badabite, Flingo and Gourmet continue with the high trajectory growth in 2012 as well with new variants, the Company was again confronted with huge challenge of sustaining the innovation trends.

With the entry of many multinational ice-cream brands in the market, it also became imperative for us to reinvent our strategy to consolidate our leadership.



The Company has always endeavored to offer innovative products to the consumers. In fact, it is a proud for the Company that there are many products which have been introduced in the Indian market by it and they went to become **“regular must have products”** for all ice-cream manufacturers.

Further, with the entry of international premium brands in India, the overall consumer awareness and consequent size of the premium segment has witnessed robust growth. And taking a clue from international trends, the Company has also launched many variants in the premium segment like ice-cream bars, ice-cream sandwiches, ice-cream logs, ice-cream pastries etc. and made them easily available to the Indian Consumer.

With the updated production technology, it became more feasible for the Company to offer premium and innovative products in the market.

After a lot of research and strategic thinking, the Company embarked on the journey to create a completely new range of products to delight its most important consumer segment: KIDS. The Company has launched a myriad range of products in delightful shapes, colors and flavors under the umbrella brand of ‘Ice Trooper’ in 2012.

New mega brands, installation of latest state-of-the-art machines and significant expansion in production facilities will combine to make the Company an even stronger force to reckon with in the domestic ice-cream market.

The Company has India’s fastest cone-making machine. As against the current machines which make 6000 cones per hour, the Company has put in place a machine which will make 18,000 cones per hour. It is the first and the only ice cream producer in India to have a machine with such a huge capacity. Vadilal is the largest player in Cones, Cups and Candies categories.

Apart from the retail chain of ice-cream under the Happinezz brand name, Vadilal also started Shop in Shop Parlours. The Shop in Shop Parlour is a low investment formats that caters to the tier II & III essentially. It has made our business partnership accessible to a small entrepreneur also.

The Company is making steady progress in launching new products in the “premium” segment as well. Vadilal recently also forayed into high end artisanal gelato ice-cream outlet under the name of MELT IN.

The Company is having two ice-cream production facilities – one at Pundhra in Gandhinagar district, Gujarat and the other one at Bareilly in Uttar Pradesh. To increase the production capacity and to have better automation, the Company has undertaken expansion-cum-modernisation project of its aforesaid Ice-cream factories, which has been successfully completed.

Vadilal has won 22 awards over 3 consecutive years : 2008 , 2009 and 2010 at ‘The Great Indian Ice Cream Contest’ organised by the Indian Dairy Association. Various categories for awards were: **The Best in Class (3)**: Chocolate Frozen Dessert, Standard Chocolate Ice Cream, Rose Coconut Shell (Innovation – Novelty) **Gold Medal (4)** : Standard Chocolate Ice Cream, Chocolate Frozen Dessert, Vanilla Frozen Dessert and Rose Coconut Shell (Innovation – Novelty), **Bronze Medal (1)** Natural Orange (Premium without Inclusion).

In 2013, the Company has been voted as the “Most Trusted Ice-cream brand in India” as per the Brand Trust Report-2013. Also, the Economic Times Survey ranked us among the “Top 20 Food” brands in India.

Apart from ice-creams, Vadilal is actively expanding in categories which offer value chain benefits and strong growth.

Vadilal already has strong backward linkages with the farmer community for milk procurement for ice creams at its plant near Ahmedabad. So, Vadilal recently forayed in the flavored milk segment under the brand name “Power Sip”. Power Sip comes in a uniquely shaped bottle so as to ensure a proper grip for the consumer on the move and is available in flavors like “Kesar”, “Elaichi”, “Coffee” and “Rose”.

### **Marketing**

In terms of marketing, the Company ensures maximum reach through an optimum mix of ATL and BTL activities. The Company utilizes various communication touch points like Retail, Outdoor, Print, TV, Internet, etc to get the brand message across. This year also we have a 360 degree marketing plan. However, the advertising budgets are more skewed towards television as we have a nationwide reach now.

In terms of sales promotions, we are constantly engaging our trade patrons through various schemes. And we also do consumer promotional activities from time to time. Just to give an example, last year, the Company has a “surprise gift” available with each candy of Ice Trooper. This year, the Company offered “innovative ice-cream sticks” in the Ice Trooper: another first for the Indian Market.



**b) Processed Food Division**

**i. OVERVIEW:**

The world today is driven by convenience. Beyond the basic needs and necessities, luxury has now become synonymous with convenience and ease of operation. 'Quick and easy' is the new market *mantra*, and one area where this behavioral evolution has turned out to be a boon is the Convenience Foods market.

Dwelling a step further into this zone, the frozen Foods market segment has hitherto been the most sought after segment that has catered to these altering needs. Boasting to be as fresh as garden-picked and as delicious as home-cooked food, and with qualities like longer shelf life and advanced technological expertise, the Frozen Foods category is making positive strides towards representing a more attractive and relevant proposition to a wider range of consumers today.

**ii. GLOBAL MARKET VIEW:**

The overall global frozen food scenario has showcased a positive outlook over the years. As per holistic stats, the global frozen food market is expected to be \$261.50 billion in 2015 at an estimated CAGR of 3.7%. The U.S.A. is expected to witness a moderate CAGR of 4% from 2010 to 2015 while the Rest of the World (ROW) segment (which includes Latin America, Australasia and others) is expected to witness a CAGR of 4.7%. Asian frozen food market is expected to grow at an estimated CAGR of 3.4% from 2010 to 2015. Japan leads the Asian countries in terms of frozen food consumption.

The recent past has seen new competitive trends taking shape in frozen as well as other processed Foods. Due to the decline in income and spending power of consumers, the trend of partying out declined and people preferred to spend time at home, which fuelled the growth of frozen food segment. As a result of this, the industry is continuously experiencing a great amount of openness to competitive products in the major frozen food eating countries like USA & Europe, from across the world.

This sequence of events will lead to the establishment of an outstanding platform for Frozen Foods exports from developing countries, in the years to come.

Establishment and expansion of the new products launched is one of the major trends followed aggressively by key industry participants, making the market growth a natural phenomenon. Consumers all across the world show as much preference for branded products in frozen foods category as other consumer goods. And the industry is witnessing an emergence of strong brands in the category. The unorganized sector comprising unbranded frozen products remains the biggest challenge to the organized sector of branded frozen food products.

The existence of private labels, especially in Europe where they constitute around 40% of the total frozen foods market, is the major factor restricting the growth of the market. Ready meals are the most expensive ones among the frozen food product categories and, thus, account for the largest market share of 40% in terms of revenue.

**iii. EVOLUTION OF THE MARKET - FROM INDIAN PERSPECTIVE:**

Mango and its processed products pioneered the Frozen Foods exports in India. From mango dices, slices to pulp, frozen as well as canned mango products have always been the perfect pick. The next leap was the export of commodities like peas, sweet corn & other vegetables with widened demands.

With the evolution of needs and wide acceptance of the commodities, convenience and ethnic products like Indian traditional meals consisting of Indian breads, curries and snacks have carved a market in the Frozen Foods segment. Most interestingly, the Indian vegetarian products are now making inroads in the mainstream consumption as well.

Where on one hand frozen food is considered as a supplement by many, and is therefore demanding consumer price competitiveness, the recent times have experienced that consumers are ready to pay premium on value-added products like frozen pizza which is in fact the fastest growing segment in the frozen ready meals with an estimated CAGR of 4%.

**iv. VADILAL QUICK TREAT:**

The Company's Quick Treat division has always been on a close watch of the market and Company's innovation driven growth has always complemented the global frozen Foods trends. Treading from processed frozen Mango products in 1990s, in its journey of two decades, the Company has marked milestones in frozen Foods category with multi-

faceted growth and an extensive product portfolio along with expanded manufacturing facility.

The Company strives to take up tasks that are more challenging with a contemporary and diversified approach. Which is why, with novel and innovative technologies, refined R&D facilities, exceptional quality support teams and a headstrong determination, today the Company delivers freshness sealed with trust. With a bagful of products to choose from, our basket of freshness has something for everyone, for anytime of the day and for any occasion. And with more than 100 importers and distributors across America, Australia, Europe, UAE and Africa, the Company can pretty much say 'for anywhere' too. As major exporter and market player in frozen Foods today, the Company has an extensive distribution network across all the major continents. With focused efforts, the Company is now a part of some of the major retail chains like Woolworths, Coles (SA), Tesco, Carrefour, Loblaws, Lulu, Fresh n Easy, to name a few.

Globally, Vadilal Quick Treat has adopted a product focused strategy. Keeping 3-4 products in focus, the company is looking at America, Canada and Australia to drive growth through branded business. These markets will see a sufficient amount of consumer marketing activities to make a strong base for the next year. Europe and Gulf will see the growth of institutional business.

The company has put in place a strong plan to export Ice-Creams to its exports markets. America has been identified as the first Ice-Creams exports market and the operation have been put into motion in this territory.

Nationally, the Company's rich legacy has been a benchmark for establishing strong brand connection with the consumers and with the optimum utilisation of Company's age-old cold chain network, the Company is a comprehensive package of trustworthy brand, quality product and ready availability.

Vadilal Quick Treat has been able to find a successful footing in Gujarat with its Processed Foods products like mango pulp, IQF green peas, sweet corn and other vegetables. With its frozen range of IQF vegetables and Ready -to-Eat (RTE) and Ready-to-Serve (RTS) products, Vadilal has been operational in the states of Rajasthan and Maharashtra besides Gujarat. In the last couple months, it has ventured into the northern territories of India like Uttar Pradesh and Chhattisgarh.

On promotions and brand building front, with our efforts that are directed towards creating a stronger brand presence, the Company is all set to capture greener pastures in India as well as abroad. Each day, the Company strives for more, spare a few more minutes and walk an extra mile for making lives easier. That is why, each year the Company comes up with an array of new products that add value to people's lives by saving time, eating healthy or adding convenience.

To make life of its consumers easier, the Company has put in its best of intelligence, expertise and efforts for a long time to create these convenience food products that not only serve its customers' taste buds but also make life in the kitchen utterly simpler for them.

And to highlight this philosophy, the Company has introduced a new brand identity and a baseline – 'Shortcut to Happiness'

**c) Forex Division**

**RBI AUTHORISED AD.II CATEGORY LICENCE HOLDER.**

The Division has received licence from RBI to conduct business activities linked with Money Changing and current account related transactions [other than trade related]. The Division now takes care in Money Changing activities such as buying and selling Travelers Cheques, Travel Card, Currency Notes of all major traded currencies of the world. Besides having licence under AD.II category, the Company now takes care of issuance of Demand Drafts, transfer of money abroad through Swifts, Telegraphic Transfer, etc. RBI has, after having proper audit and inspection, and looking to the functions of the Division, has renewed the AD.II category licence for consequent of 3<sup>rd</sup> year. The Division has also applied to RBI for granting permission to conduct Trade related transactions, covered under current accounts.

**2) FUTURE STRATEGY**

**a) Ice-cream Division**

Looking into the past few years' trend, the Company foresees fast growth in the traditional "Out of home food" category like ice-creams and frozen desserts. However, along with the increasing demand for convenience, the continuing need for value as a trend is also growing.



The Company plans to continue with the strategy of consolidating its presence in the high end premium segment. Earlier Vadilal was only focused on offering mass segment products. However the Company has been able to increase its share in the premium segment as well and it has helped the overall growth.

Distribution definitely plays a key role in the success of our business. The Company is planning to increase its reach in the existing market in terms of consolidating its presence in Cash and Carry format as well as the Modern Retail segment. Ice-cream being a cold chain product, the logistics are complex and the Company is continuously expanding its cold chain distribution network through refrigerated vehicles and deep freezers.

The Company will increase the physical touch points with its consumers through ever expanding dealers, FOW (Fridge On Wheels) and Ice-cream parlour network.

Along with various ATL campaigns, the Company also plans various BTL activities to enhance consumer experience with Vadilal. The Company plans to organize innovative cross promotional activities to enhance the brand engagement levels with consumers and uses the digital space as well actively for the same. The Company also plans to increase the branding activity at retail level.

The Company primarily focuses on increasing the ice-cream consumption by continuously offering novel products at affordable rates. The Company is committed in eliminating the barriers for availability of ice-cream with expansion of distribution.

The overall vision of the Company is to increase the consumption of ice-cream at national level supported fully by appropriate promotion and communication strategies.

**b) Processed Food Division**

The Company entered the processed foods industry to optimize utilization of its extensive cold chain network in the 1990s. It currently caters to the domestic and export markets with products such as frozen vegetables and ready to eat snacks, curries and breads.

In the coming times, the Company is poised for acquisition of a bigger market share and establishment of a strong brand identity via a meticulous marketing mix, including quality products, a robust chain of distribution ensuring product availability at competitive prices and effective promotions.

To back this up, the Company has a fully operational warehouse in New Jersey and February 2012 saw the opening of a new warehouse at California which caters to the west coast of USA and strengthened the distribution network thereof.

Along with this, the Company has now entered the HORECA sector, with its IQF vegetables and ready meals, which is another profitable segment to bank upon.

Our future endeavors will be directed towards identifying more such sectors where there are opportunities of rapid growth. The Company's Quick Treat is now being perceived as a blend of quality and pricing with a product mix that caters to all the consumers of all strata both, nationally and internationally.

In the year 2013-2014, company also looks forward to expand its operations to Delhi and regions around Delhi. In the next five years, company aspires to be one of the leading frozen foods brand of India, with a special interest in modern retail. Understanding the importance of modern retail, Vadilal Quick Treat is strengthening its availability at all leading hyper markets and cash and carry formats in the areas of its presence.

**Domestic Market:**

The year 2012-2013 was another successful year for the company's processed food division – domestic. The division has established its existence in new territories like Uttar Pradesh & Chhattisgarh. The division is also keen to establish itself well in other territories of India.

By appointing many new distributors, Vadilal has extended its market reach with its strong supply chain network. Moreover, this year Vadilal aggressively entered into many big format Modern Trade stores to showcase presence at every hyper, super markets and cash & carry stores like Bharti-Walmart's 'Best Price', Trent's 'Star Bazaar', Reliance and others to name a few.

Vadilal's participation in exhibition & PR activities at right time catches the eyeballs of many shoppers & helped to increase brand recall value. Furthermore, strategic marketing, branding & PR activities would be carried out to get a hold on market like participation in national level exhibition, ATL and BTL activities.

**3) HIGHLIGHTS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE.**

In spite of tough competition in Ice-cream business, your Company has earned Revenue from



Operations (net) of Rs.32020.59 lacs during the year ended on 31st March, 2013 as against Rs.28222.46 lacs earned during the previous year ended on 31st March, 2012.

Your Company has earned the earning before interest, tax, depreciation and amortization of Rs.4490.11 lacs during the year ended on 31st March, 2013 as compared to Rs.3881.91 lacs earned during the previous year ended on 31st March, 2012.

The Company has earned Profit for the period of Rs.597.42 lacs during the year ended on 31st March, 2013 after providing Finance Cost and Depreciation and amortisation expenses and after making Provision for Current (MAT Tax) of Rs.78.08 lacs after considering MAT Credit Entitlement, Deferred Tax Charge of Rs.196.20 lacs and other adjustments, as compared to Profit of Rs.625.24 lacs earned by the Company during the previous year ended on 31st March, 2012.

#### 4) **SEGMENT WISE PERFORMANCE.**

The Company has identified three business segments in line with the Accounting Standard on Segment Reporting (AS 17). These are (1) Ice-cream (2) Processed Foods and (3) Others. Below mentioned table gives the audited financial results of these segments.

##### **Segment revenue, results and capital employed for the year ended 31st March, 2013** (₹ in lacs)

##### **Segment Revenue (Sales plus income from services)**

|                              |          |
|------------------------------|----------|
| Ice-cream                    | 26547.40 |
| Processed Foods              | 6019.36  |
| Others                       | 195.70   |
| Total:                       | 32762.46 |
| Less : Inter-segment revenue | (130.52) |

##### **Net Sales/Income from Operations**

**32631.94**

##### **Segment Results (PBIT)**

|   |          |
|---|----------|
| Ice-cream                                     | 3016.09  |
| Processed Foods                               | 51.68    |
| Others  | 6.18     |
| Total:  | 3073.95  |
| Less : Interest (Net) & prior year adjustment | 2481.92  |
| Other unallocable expenditure                 | (228.66) |

##### **Total Profits (PBT)**

**820.69**

##### **Capital employed in segments**

(Segment assets less liabilities) - as at 31<sup>st</sup> March, 2013

|  |            |
|--|------------|
| Ice-cream  | 20604.44   |
| Processed Foods  | 8062.41    |
| Others   | 180.03     |
| Total Capital employed in segments                           | 28846.88   |
| Add :Unallocable corporate assets less corporate liabilities | (17559.31) |

##### **Total Capital Employed**

**11287.57**

#### 5) **RISK AND CONCERN**

##### **a) Ice-cream Division**

For Vadilal competition is not a risk but a feel that continuously motivating for innovation that keeps one step ahead than competitors. The Company has tackled competition successfully in past and capable to overcome it efficiently in future also. Now a days the markets are flooded with new local and regional players with cheaper & shoddy product options but Vadilal, with its experience & expertise of more than 8 decades for providing quality ice-cream products, is well equipped to face such challenges. However, there are certain concerns like infrastructure & rising input costs, which the Company should take in mind.



**b) Processed Food Division**

Inadequate infrastructure, poor agricultural input management and semi-organised supply chain management are the major areas of concern. The high transportation and inventory carrying cost along with fluctuation in foreign currencies add on to it. With world getting more health-conscious, it has become important for the division to focus extensively on choosing the right nutritional ingredients to cater to varied and changing demands of the large customer base.

On the other side, entry of new players and low priced private label products are making the competition cut throat. Therefore, product innovation and better-priced products meeting international quality standards will be the key to generate volume.

**6) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY.**

In view of the management, the Company has adequate internal control systems for the business processes followed by the Company. The External and Internal Auditors carry out periodical reviews of the functioning and suggest changes if required. The Company has also a sound budgetary control system with frequent reviews of actual performance as against those budgeted.

The Audit Committee of the Board meets periodically to review various aspects of the performance of the Company and also reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time. The External Auditors also attend these meetings and convey their view on the business processes and also of the policies of financial disclosures. When found necessary, the Committee also gives suggestions on these matters.

**7) HUMAN RESOURCES**

The Company recognizes the important role that its employees/workers need to play for the growth of various business activities. The human resource policies and processes of the Company are in line with this.

The Company has been maintaining cordial and healthy Industrial Relations, which has helped to a great extent in achieving the steady growth.

**8) CAUTIONARY STATEMENT**

The statements made and figures given in the various sections of "Management Discussion and Analysis" are keeping in mind the Company's objectives, estimates and expectations. The Actual results may differ from those expected depending upon the economic conditions, changes in Govt. Regulations, tax regimes and other external and internal factors.

**ANNEXURE "B" TO THE DIRECTORS' REPORT**

[Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on 31st March, 2013]

**A) CONSERVATION OF ENERGY**

**a) Energy Conservation measures taken :**

**Ice-cream Division :**

In order to reduce the cost of production, save consumption of energy and increase the productivity, the Company has taken several measures which mainly include the following :

- The Company has substantially invested in its Ice-cream division situated at Pundhra, in the State of Gujarat and at Bareilly in the State of Uttar Pradesh, during last 2 years to expand its production capacity with a goal to achieve energy conservation, quality and food safety.
- The Company is in process of installation of fully automatic Ice-cream Mix Processing Plant with Scada, to achieve Quality standards as per Export norms.
- The Company has installed new continuous hardening tunnels, which will result in improvement in the quality as well as savings in energy and manpower.
- During the year under review, the company has installed some latest machineries like new cassata cutting machine, sandwich making machine, Automatic box filling machine, New automatic fruit feeders, glue type box packing machine etc.
- The company has started new anerobic tower in ETP plant. The Company has used bio gas generated from this new tower in Boiler, labour colony & RM process gas oven and canteen.
- During the year under review, the Company has installed material handling chute in packing material room & production to cold room area in the Pundhra Factory of the Company, in order to reduce manpower.
- The Company has the work of new cold storage having capacity of 300000 CFT, which will be operative from July 2013. The Company will save - Rs. 100 lac per annum on charge for hired

cold stores. This will result into better production planning and savings in lots of transportation charges.

- During the year under review, the Company has installed new Garbage handling chute at Pundhra Factory of the Company. This will improve overall hygiene of the plant & save the man power.
- During the year under review, the Company has added different types of Material Handling conveyer and Automation for increasing productivity and smooth functioning of its Ice-cream Division, situated at Bareilly, in the state of Uttar Pradesh.

**Processed Food Division:**

So far as Processed Foods Division is concerned, the Company has taken the following measures towards conservation of energy and technology updates :

- The Company has installed Tray sealing machine for curries, which has resulted in increased productivity and improved hygienic standards.
- The Company has installed Vegetable cutting machine, which has helped us in producing uniform size, increased productivity and in turn reduced IQF running hours resulting energy savings.
- In RTS, semi Auto fryer installed which has improved the quality and reduced oil and fuel consumption.
- 3 Ammonia compressors ( old) are connected to new Refrigeration section helped us in maintaining desired temperatures in plate freezing section and improved down time.
- Hydro machine installed resulting in improvement of RTS Products quality & Hygiene.

**b) Additional investments and proposals, if any, for reduction of consumption of energy:**

**Ice-cream Division :**

- The Company is planning to install new boiler for catering its additional requirement of steam.
- The Company selected brick fired boiler which will save 60% energy cost as compared to FO fired boiler.

**Processed Food Division:**

- The Company proposes to use defrosting cold water after softening for cooling tower which will minimize overall water consumption.
- The Company proposes to utilize cold store defrost water after treating for vegetable cooling resulting water conservation.
- The Company proposes to install De stoner, Decanter to improve quality of Mango Pulp and substantial reduction in Manpower (10-15%)
- The Company proposes to install Automation of Can reforming machines to improve quality, productivity and reduce manpower & wastages.
- The Company proposes to install Continuous Cooker cool with hot air Knife to minimize paneling/denting /rusting of cans and reduces manpower by 50%.
- The Company proposes to go for Rain harvesting to improve ground water table and reduce ETP load.

**c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :**

**Ice-cream Division**

- The measures listed in (a) and (b) above would result in reduction of power consumption, increase in storage capacity, increase in food safety and quality of product, productivity and profitability.

**Processed Food Division**

- The measures listed in above (a) and (b) would result in energy saving, increase in production rate, improvement in quality and avoiding in production break-down due to power-off.

**d) Total Energy Consumption and Energy Consumption per unit of production as per prescribed Form-A :**

As per Annexure - A attached.

**B) TECHNOLOGY ABSORPTION**

**RESEARCH AND DEVELOPMENTS**

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

- Installed liquid overfeed system with imported screw compressors.
- Installed palletised cold store.
- Installed fully automatic Ice-cream mix plant with scada system.



- Installed Extrusion Line.
- Installed continuous hardening tunnel.
- New product development related to frozen products.
- Process modifications to improve productivity.
- Product diversification in similar type of products.

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

- To continuously upgrade the quality of products, the Company has given a thrust to Research and Development (R&D) activities and this has resulted in better acceptance of the products by all classes of consumers.

**c) Future Plan of Action :**

- The Company has already introduced and is further planning to introduce various new ice-cream, frozen desert, candies and various products and also processed food products, which will include full range of Frozen vegetables, Fruits and Ready to serve foods by considering consumer requirements as well as export demand.

**d) Expenditure on R & D : Rs.31.02 lacs.**

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

**a) Efforts in brief, made towards technology absorption, adaptation and innovation :**

- The Company has constructed new area for storage of cones with controlled temperature and humidity.
- The Company has installed 40nos of CCTV camera in Pundhra Factory.
- The Company has constructed RCC roads and the landscape at Pundhra Factory.
- The Company has developed new workers amenity with all facility as per Export norms.
- The Company has completed installation of fire hydrant system for safety purpose.

**b) Benefits derived as a result of the above efforts :**

As per B (b) above.

**c) In case of Imported technology (imported during last five years reckoned from the beginning of the financial year) following information to be furnished :**

The Company has not imported any technology hence, the questionnaire is not applicable.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

As against Foreign Exchange Earnings of Rs. 2995.25 lacs for the previous year ended on 31st March, 2012, the Company has earned Foreign Exchange of Rs. 3487.49 lacs for Export of Goods on FOB value for the year ended on 31st March, 2013.

As against Foreign Exchange Outgo of Rs.1116.90 lacs for the previous year, the Outgo during the year under review was Rs. 1160.88 lacs.



# ANNEXURE - FORM A

## Form for disclosure of particulars with respect to Conservation of Energy

| PARTICULARS                                     | ICE-CREAM DIVISION          |                             | PROCESSED FOOD DIVISION     |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | Year Ended<br>On 31-03-2012 | Year Ended<br>On 31-03-2013 | Year Ended<br>On 31-03-2012 | Year Ended<br>On 31-03-2013 |
| <b>(A) Power and Fuel Consumption :-</b>        |                             |                             |                             |                             |
| 1) Electricity                                  |                             |                             |                             |                             |
| a) Purchased -                                  |                             |                             |                             |                             |
| i) Units KWH                                    | 22878254                    | 23903080                    | 4249575                     | 5267365                     |
| Total Amount (Rs.)                              | 144451512.00                | 161791463.00                | 27881174.00                 | 36598699.00                 |
| Rate/Unit (Rs.)                                 | 6.31                        | 6.77                        | 6.56                        | 6.95                        |
| b) Own Generation -                             |                             |                             |                             |                             |
| i) Through Diesel Generator                     |                             |                             |                             |                             |
| Units KWH                                       | 802554.00                   | 839094.00                   | 15144.00                    | 18934.00                    |
| Units per liters of diesel                      | 3.16                        | 3.12                        | 1.86                        | 2.98                        |
| Cost per unit (Liters) (Rs.)                    | 10.57                       | 13.05                       | 24.33                       | 18.87                       |
| 2) Coal (Specify quality and where used)        |                             |                             |                             |                             |
| Qty. (Tones)                                    | 0.00                        | 0.00                        | 0.00                        | 0.00                        |
| Total Cost                                      | 0.00                        | 0.00                        | 0.00                        | 0.00                        |
| Average rate (Rs.)                              | NIL                         | NIL                         | NIL                         | NIL                         |
| 3) Furnace Oil / LDO                            |                             |                             |                             |                             |
| a) Furnace Oil for Boiler                       |                             |                             |                             |                             |
| Qty. (Kg./ K. Liters)                           | 346512.35                   | 366987.00                   | 7280.00                     | 4100.00                     |
| Total Amount (Rs.)                              | 15480794.00                 | 18203774.00                 | 253052.80                   | 208854.00                   |
| Average rate (Rs.)                              | 44.68                       | 49.60                       | 34.76                       | 50.94                       |
| b) HSD for Boiler                               |                             |                             |                             |                             |
| Qty. (Kg./ K. Liters)                           | 0.00                        | 0.00                        | 0.00                        | 0.00                        |
| Total Amount (Rs.)                              | 0.00                        | 0.00                        | 0.00                        | 0.00                        |
| Average rate (Rs.)                              | NIL                         | NIL                         | NIL                         | NIL                         |
| C) WOOD / HUSK BOILER                           |                             |                             |                             |                             |
| Qty. (Kg. / K. Liters)                          | 2612264.00                  | 2342205.00                  | 492992.00                   | 765300.00                   |
| Total Amount (Rs.)                              | 8672716.00                  | 9795812.00                  | 1533205.12                  | 2640285.00                  |
| Average rate (Rs.)                              | 3.32                        | 4.18                        | 3.11                        | 3.45                        |
| d) Briquettes for Boiler                        |                             |                             |                             |                             |
| Qty. (Kg./ K. Liters)                           | 0.00                        | 0.00                        | 256079.00                   | 256235.00                   |
| Total Amount (Rs.)                              | 0.00                        | 0.00                        | 1267591.05                  | 1365732.50                  |
| Average rate (Rs.)                              | 0.00                        | 0.00                        | 4.95                        | 5.33                        |
| 4) Other/internal generation                    |                             |                             |                             |                             |
| Qty.  | 0.00                        | 0.00                        | 0.00                        | 0.00                        |
| Total Cost                                      | 0.00                        | 0.00                        | 0.00                        | 0.00                        |
| Rate/unit                                       | NIL                         | NIL                         | NIL                         | NIL                         |
| <b>(B) Consumption per unit of production :</b> | <b>Year Ended</b>           | <b>Year Ended</b>           | <b>Year Ended</b>           | <b>Year Ended</b>           |
| <b>Units of Measurement</b>                     | <b>On 31-03-2012</b>        | <b>On 31-03-2013</b>        | <b>On 31-03-2012</b>        | <b>On 31-03-2013</b>        |
| Ice-cream and PFD                               |                             |                             |                             |                             |
| Electricity Units                               | 0.620                       | 0.613                       | 0.905                       | 0.752                       |
| Diesel for steam generation Liters              | 0.000                       | 0.000                       | 0.002                       | 0.000                       |
| Furnace Oil, Wood, and Briquettes; Kgs          | 0.000                       | 0.000                       | 0.161                       | 0.146                       |

Ice-cream Division comprise 2 factories situate at Pundhra in the state of Gujarat and Bareilly in the state of Uttar Pradesh. Processed Food Division comprise 1 factory situate at Dharampur, Dist. Valsad, in the state of Gujarat.



## CORPORATE GOVERNANCE REPORT (2012-2013)

### Report on Corporate Governance for the year ended on 31st March, 2013

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

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

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

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

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

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

#### 1) Board of Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| Name of the Director   | Name of the Relative Director                             | Nature of relation |
|------------------------|---|--------------------|
| Mr. Virendra R. Gandhi | 1. Mr. Ramchandra R. Gandhi#<br>2. Mr. Rajesh R. Gandhi   | Father<br>Brother  |
| Mr. Rajesh R. Gandhi   | 1. Mr. Ramchandra R. Gandhi#<br>2. Mr. Virendra R. Gandhi | Father<br>Brother  |

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

No other Directors have any relations inter-se.

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

Among others, this includes:

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

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

**2) Remuneration to all Directors :**

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

Amount (₹ in lacs)

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

Besides this, the above Managing Directors are also entitled to Superannuation or Annuity Fund, to the extent



not taxable and Gratuity and encashment of Leave as per Rules of the Company.

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

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

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

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

The terms of office of the two Managing Directors will expire on 31<sup>st</sup> March, 2014 and they have been reappointed as Managing Directors of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019 with payment of remuneration for a period of 3 years from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2017 as approved by Remuneration Committee and Board of Directors of the Company, at their respective Meetings held on 30<sup>th</sup> May, 2013. The said re-appointment and payment of remuneration shall be made subject to approval of the shareholders of the Company at the 29<sup>th</sup> Annual General Meeting of the Company to be held on 21<sup>st</sup> September, 2013 and approval of the Central Government, if required.

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

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

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

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

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

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

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

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

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

### 3) Committees of the Board :

#### (a) Audit Committee :

##### (i) Composition

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

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

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

All members of Audit Committee as mentioned above are Non-executive Directors. The constitution of the Audit



Committee also fulfills the requirements under Section 292A of the Companies Act, 1956 apart from the requirements pursuant to Clause 49 of Listing Agreement with the Stock Exchanges.

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

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

(ii) **Meeting and Attendance :**

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

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

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

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

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

(iii) **Terms of reference :**

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

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

(b) **Remuneration Committee :**

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

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



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

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

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

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

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

(i) **Composition :**

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

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

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

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

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

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

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

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

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

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

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

d) **Selection Committee :**

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

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

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

4) **General Body Meetings :**

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

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

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

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

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

## 5) Disclosures :

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

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

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

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

## (iii) Risk Management :

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

## (iv) CEO/CFO Certification :

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

## (v) Management:

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

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

## 6) Code of Conduct :

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

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

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

## 8) Means of communication :

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

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

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

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

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

## 9) General Shareholder information :

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

- Day, Date & Time : Saturday, 21st September, 2013 at 2.00 p.m.



- Venue : GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-38006.

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

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

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

Book-closure shall be from 14th September, 2013 to 21st September, 2013 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31st March, 2013.

(iv) **Dividend payment date :**

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

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

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

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

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

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

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

(vii) **Stock Market Data :**

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

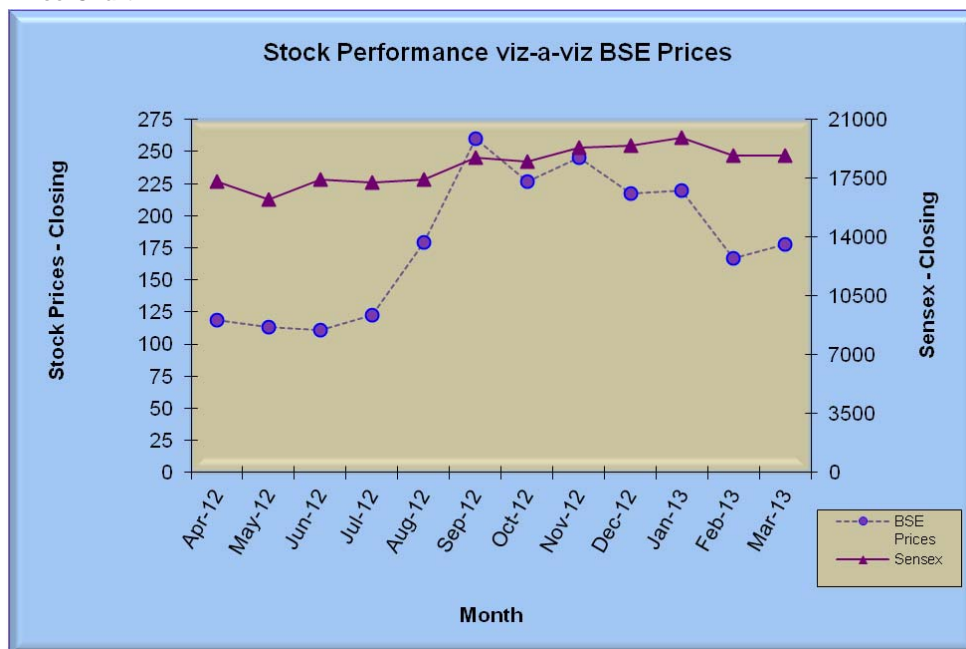
| Months          | High (₹) | Low (₹) | Closing (₹) |
|-----------------|----------|---------|-------------|
| April, 2012     | 133.20   | 117.90  | 118.80      |
| May, 2012       | 126.90   | 101.20  | 113.35      |
| June, 2012      | 117.85   | 96.45   | 110.85      |
| July, 2012      | 124.90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

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

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

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

Price Chart



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

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

(x) **Share Transfer system :**

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

(xi) **Secretarial Audit:**

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

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

(xii) **Shareholding Details:**

**(a) Distribution of Shareholding as on 31st March, 2013 :**

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





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

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

**(xiii) Dematerialisation of Shares :**

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

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

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

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

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

Not Applicable

**(xv) Plant locations :**

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

**(xvi) Investor Correspondence :**

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

- 1) MCS Limited, (Unit : Vadilal Industries Limited), 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009. Tel. Nos. : (079) 26582878, 26581296 Fax No.: (079) 26584027
- 2) Secretarial & Share Department, B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009.  
Contact person : Mr. Nikhil Patel, Company Secretary, Tel. Nos. : (079) 30153185 Fax No.: (079) 30153102
- 3) E-mail ID for investors' grievance purpose : [shareslogs@vadilalgroup.com](mailto:shareslogs@vadilalgroup.com)  
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.



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

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

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

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

(xix) **Nomination facility :**

Your Company has already offered the facility of nomination to the members. Individual Shareholders can avail of the facility of nomination and may submit to the Company the prescribed Form 2B **at the Share Department** of the Company. It is advisable to avail of this facility especially by Shareholders who currently hold Shares in single name. In case of any assistance, please contract **at the Share Department** of the Company at B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009. Tel. Nos. : (079) 30153185 Fax No. : (079) 30153102

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

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

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

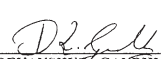
**DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT**

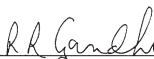
In terms of the requirement of the amended Clause 49 of Listing Agreement with the Stock Exchanges regarding Corporate Governance, we hereby confirm that all Board Members and Senior Management Personnel of Vadilal Industries Limited have affirmed the compliance of Code of Business Conduct and Ethics for the year ended on 31st March, 2013.

**For VADILAL INDUSTRIES LIMITED**

Place : Ahmedabad

Date : 14th August, 2013.

  
DEVANSHU L. GANDHI  
MANAGING DIRECTOR

  
RAJESH R. GANDHI  
MANAGING DIRECTOR

**CERTIFICATE**

The Members of  
Vadilal Industries Limited,  
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by **Vadilal Industries Limited**, for the year ended on **31st March 2013**, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

**Mayank S. Shah**  
Partner

Date : 14th August, 2013  
Place : Ahmedabad

Membership No.: 44922



## INDEPENDENT AUDITORS' REPORT

### To the Members of Vadilal Industries Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Vadilal Industries Limited**, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and  
(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

### Emphasis of Matter:

- a. Attention is invited to **Note No. 27.3** (a) of the financial statement, whereby the company has for the year accounted transport subsidy of Rs 57 Lacs awaiting announcement of such policy from government.  
b. Attention is invited to **Note No. 27.6** of the financial statement, where in as per the reasons stated by the management, investment of Rs 11.74 lacs and advances of Rs 125.58 lacs outstanding at the year end from Company's Overseas Subsidiary are considered realisable/ recoverable.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together with "Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**Mayank S. Shah**  
Partner

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

**Membership No.: 44922**

## ANNEXURE TO THE AUDITORS' REPORT

**Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date**

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

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

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

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

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

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

(Rs. in lakhs)

| Sr. No. | Dispute under:  | Amount (net of deposit)<br>(Rs. in lakhs)                       | Period to which the amount relates   | Forum where dispute is pending  |
|---------|---|---|--|---|
| (i)     | Central Sales Tax Act and Sales Tax Act of various states | 23.24<br>12.49<br>15.74<br>1.55<br>0.60<br>2.39<br>0.46<br>3.67 | 1998-99<br>2000-01<br>2000-01<br>2001-02<br>2002-03<br>2003-04<br>2003-04<br>2004-05 | - High Court<br>- Jt. Comm..<br>- Dy. Comm.<br>- Dy. Comm.<br>- Tribunal<br>- Jt Comm<br>- Jt. Comm<br>- Tribunal |
| (ii)    | Income Tax Act, 1961                                      | 1.93<br>3.12<br>1.37<br>1.50                                    | 1996-97<br>1999-00<br>2006-07<br>2009-10   | - High Court<br>- High Court<br>- A.O<br>- CIT Appeals  |
| (iii)   | Water Cess  | 6.55  | 1998-99 to 10-11   | U.P.State pollution Control Board   |

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



(Rs. in lakhs)

| Sr. No. | Dispute under:           | Amount (net of deposit)<br>(Rs. in lakhs) | Period to which the amount relates | Forum where department has preferred appeals |
|---------|--------------------------|---|------------------------------------|--|
| (i)     | Central Excise Act, 1944 | 4.58                                      | 1988-89                            | - Asst. Comm. of Central Excise              |
|         |                          | 4.28                                      | 2003-04                            | - Asst. Comm. of Central Excise              |
|         |                          | 9.17                                      | 2000-01                            | - High Court, Hyderabad                      |
| (ii)    | Income Tax Act, 1961     | 50.46                                     | 1992-93                            | - Tribunal                                   |
|         |                          | 31.10                                     | 1993-94                            | - Tribunal                                   |
|         |                          | 7.84                                      | 1994-95                            | - High Court                                 |
|         |                          | 14.06                                     | 1995-96                            | - High Court                                 |
|         |                          | 16.03                                     | 1996-97                            | - High Court                                 |
|         |                          | 0.51                                      | 2001-02                            | - High Court                                 |
|         |                          | 5.10                                      | 2002-03                            | - High Court                                 |
|         |                          | 41.55                                     | 1997-98                            | - High Court                                 |

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

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

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

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

**Mayank S. Shah**

Partner

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

**Membership No.: 44922**



## BALANCE SHEET AS AT 31ST MARCH, 2013

|   | NOTE | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|---|------|------------------------------------|------------------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |      |                                    |                                    |
| (1) <b>Shareholders' Funds:</b>   |      |                                    |                                    |
| (a) Share Capital   | 3    | 718.78                             | 718.78                             |
| (b) Reserves & Surplus  | 4    | 10791.67                           | 10370.72                           |
| <b>Sub Total</b>  |      | <b>11510.45</b>                    | <b>11089.50</b>                    |
| (2) <b>Deferred Government Grant</b>                                    |      | 22.38                              | 25.58                              |
| (3) <b>Non-Current liabilities</b>                                      |      |                                    |                                    |
| (a) Long Term borrowings  | 5    | 7560.96                            | 8347.55                            |
| (b) Deferred tax liabilities(Net)                                       | 6    | 1290.61                            | 1094.41                            |
| (c) Long term provisions  | 7    | 53.97                              | 34.19                              |
| <b>Sub Total</b>  |      | <b>8905.54</b>                     | <b>9476.15</b>                     |
| (4) <b>Current liabilities</b>  |      |                                    |                                    |
| (a) Short term borrowings   | 8    | 7369.70                            | 4974.66                            |
| (b) Trade payables  | 9    | 3945.31                            | 4487.99                            |
| (c) Other current liabilities   | 10   | 3431.24                            | 2687.15                            |
| (d) Short term provisions   | 7    | 248.73                             | 268.97                             |
| <b>Sub Total</b>  |      | <b>14994.98</b>                    | <b>12418.77</b>                    |
| <b>TOTAL -&gt;</b>  |      | <b>35433.35</b>                    | <b>33010.00</b>                    |
| <b>II ASSETS</b>  |      |                                    |                                    |
| (1) <b>Non-current assets</b>   |      |                                    |                                    |
| (a) Fixed Assets :  | 11   |                                    |                                    |
| i) Tangible assets  |      | 20616.85                           | 19518.00                           |
| ii) Capital Work - In - Progress  |      | 1496.78                            | 828.33                             |
| iii) Intangible Assets under development                                |      | 134.07                             | 0.00                               |
| <b>Sub Total</b>  |      | <b>22247.70</b>                    | <b>20346.33</b>                    |
| (b) Non-current Investments   | 12   | 156.61                             | 156.61                             |
| (c) Long-term loans and advances  | 13   | 1866.00                            | 1179.11                            |
| (d) Other non-current assets  | 14   | 70.68                              | 60.05                              |
| <b>Sub Total</b>  |      | <b>24340.99</b>                    | <b>21742.10</b>                    |
| (2) <b>Current Assets</b>   |      |                                    |                                    |
| (a) Current Investments   | 15   | 1.07                               | 1.48                               |
| (b) Inventories   | 16   | 8672.54                            | 6705.18                            |
| (c) Trade receivables   | 17   | 1537.42                            | 3340.85                            |
| (d) Cash & Bank balances  | 18   | 112.72                             | 185.94                             |
| (e) Short term Loans & Advances   | 13   | 507.20                             | 633.82                             |
| (f) Other Current Assets  | 14   | 261.41                             | 400.63                             |
| <b>Sub Total</b>  |      | <b>11092.36</b>                    | <b>11267.90</b>                    |
| <b>TOTAL -&gt;</b>  |      | <b>35433.35</b>                    | <b>33010.00</b>                    |
| Summary of Significant Accounting Policies                              | 2.1  |                                    |                                    |
| The accompanying notes are an integral part of the financial statements |      |                                    |                                    |

As per our report of even date

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

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

For and on behalf of the Board

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

Place : Ahmedabad  
Date : May 30, 2013



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

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

As per our report of even date

For KANTILAL PATEL & CO.

Chartered Accountants

Firm Registration No.104744W

Mayank S. Shah

Partner

Membership No.:44922

Place : Ahmedabad

Date : May 30, 2013

For and on behalf of the Board

Rajesh R. Gandhi : Managing Director

Devanshu L. Gandhi : Managing Director

Nikhil Patel : Company Secretary

Place : Ahmedabad

Date : May 30, 2013

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

|  | For the year<br>ended<br>31.03.2013<br>(₹ in Lacs) | For the year<br>ended<br>31.03.2012<br>(₹ in Lacs) |
|--|--|--|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>   |  |  |
| Profit before tax and Exceptional Items from continuing operations   | 909.98   | 960.93   |
| Non-cash adjustments to reconcile profit before tax to net cash flows  |  |  |
| Depreciation and amortisation expense  | 1152.03  | 952.39   |
| Withdrawn From Revaluation Reserve /   | (53.53)  | (20.73)  |
| Deferred Government Grant  |  |  |
| Loss / (Profit) on sale of Assets  | (6.16)   | (12.14)  |
| Loss / (Profit) on sales of Investments  | (1.73)   | 0.00   |
| Loss / (Profit) on Partnership Firms (Net)   | (19.14)  | (13.74)  |
| Provision for Doubtful Advances  | 4.49   | 0.00   |
| Upfront Interest on restructuring of Loan  | 10.27  | 10.86  |
| Diminution in value of Current Investments   | 0.41   | 0.28   |
| Excess Provision written back  | (48.82)  | (11.08)  |
| Dividend   | (0.24)   | (0.24)   |
| Interest expenses  | 2481.63  | 1989.32  |
| Interest Income  | (439.67)   | (197.96)   |
| Operating Profit before working capital changes  | 3989.52  | 3657.89  |
| Movements in working capital :   |  |  |
| Increase / (decrease) in trade payables  | (542.68)   | 2728.75  |
| Increase / (decrease) in long term provisions  | 19.79  | 22.27  |
| Increase / (decrease) in short term provisions   | 13.97  | (8.37)   |
| Increase / (decrease) in other current liabilities   | 776.39   | 744.06   |
| Decrease / (increase) in trade receivable  | 1803.43  | (953.25)   |
| Decrease / (increase) in inventories   | (1967.36)  | (1116.32)  |
| Decrease / (increase) in long term loans and advances  | (574.47)   | 737.35   |
| Decrease / (increase) in short term loans and advances   | 79.16  | (187.00)   |
| Decrease / (increase) in other current assets  | 63.54  | (124.44)   |
| Cash Generated from / (used in) Operations   | 3661.29  | 5500.94  |
| Direct taxes paid (net of refunds)   | (244.69)   | (154.85)   |
| Cash flow before extraordinary items   | 3416.60  | 5346.09  |
| Net Prior Year Expenses  | 0.00   | 0.00   |
| Net Cash from / (used in) Operating Activities   | 3416.60  | 5346.09  |
| <b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |  |
| Loans given (Net)  | 42.95  | (27.63)  |
| Purchase of fixed assets   | (3002.37)  | (3464.14)  |
| Sale of fixed assets   | 14.16  | 12.36  |
| Purchase of Current Investments  | 49.59  | (0.22)   |
| Proceeds from Sale / maturity of Investments   | (48.27)  | 0.00   |
| Investments in bank deposits (having original maturity of more than three months)                                    | 75.44  | (111.92)   |
| Interest received  | 512.41   | 221.12   |
| Dividend received  | 0.24   | 0.24   |
| Net Cash flow from / (used in) Investing Activities  | (2355.85)  | (3370.19)  |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>   |  |  |
| Proceeds from Long Term borrowings   | 3513.48  | 4738.69  |
| Repayment of Long Term borrowings  | (4300.06)  | (2687.88)  |
| Proceeds from Short Term borrowings  | 8062.67  | 2354.70  |
| Repayment of Short Term borrowings   | (5667.63)  | (4243.73)  |
| Interest paid  | (2525.70)  | (2048.11)  |
| Dividends paid on equity shares  | (105.83)   | (105.00)   |
| Tax on equity dividend paid  | (17.49)  | (17.49)  |
| Net Cash used in Financing Activities  | (1040.56)  | (2008.82)  |
| Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)   | 20.19  | (32.92)  |
| Op. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.07 lacs (P.Y. ₹ 2.06 lacs)) | 77.56  | 110.48   |
| Cl. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.01 Lacs (P.Y. ₹ 0.07 lacs)) | 97.75  | 77.56  |
| <b>Major Components of Cash and Cash Equivalents as at</b>   | <b>31.03.2013</b>                                  | <b>31.03.2012</b>                                  |
| Cash and Cheques on hand   | 23.10  | 21.27  |
| Balance With Banks   |  |  |
| On Current Accounts  | 38.65  | 26.52  |
| On Fixed / Margin Money Deposit Accounts   | 19.44  | 15.19  |
| On Unpaid Dividend Accounts*   | 16.56  | 14.58  |
|  | <b>97.75</b>                                       | <b>77.56</b>                                       |

**Notes :**

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

\* The Company can utilise this balance only towards settlement of the unclaimed dividend.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

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

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

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013



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

### NOTE : 1

#### Corporate Information:

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

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

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

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

### Note :2

#### BASIS OF PREPARATION:

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

### NOTE : 2.1

#### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

##### A) USE OF ESTIMATES :

Preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates, are recognised in the period in which the results are known / materialised.

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

###### i) TANGIBLE ASSET:

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

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

###### INTANGIBLE ASSET:

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

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

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

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

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

**iv) IMPAIRMENT OF ASSETS :**

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

**C) INVESTMENTS :**

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

**D) INVENTORIES :**

Inventories are valued as under:

- |  |  |
|--|--|
| i) Raw Materials, Packing Materials and Stores & Spares. | Valued at lower of cost or net realisable value and for this purpose cost is determined on weighted average basis. Due provision for obsolescence is made. |
| ii) Finished Goods                                       | At cost or net realisable value, whichever is lower. Cost is determined on absorption basis. Due provision for obsolescence is made.                       |

**E) REVENUE RECOGNITION :**

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

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

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

**F) EMPLOYEE BENEFITS :**

**a) Short Term Employee Benefits :**

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

**b) Post-Employment Benefits :**

- (i) **Defined Contribution Plans:**

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

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



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

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

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

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

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

**c) Long term employee benefits :**

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

**G) BORROWING COSTS :**

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

**H) TAXES ON INCOME :**

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

**I) FOREIGN CURRENCY TRANSACTIONS :**

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

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

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

Contingent Liabilities are disclosed by way of notes to financial statements.

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

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

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

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

**L) ACCOUNTING FOR GOVERNMENT GRANTS :**

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

**M) RESEARCH AND DEVELOPMENT EXPENSES :**

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

**N) SEGMENT REPORTING :**

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

**O) EARNING PER SHARE :**

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

**P) CASH AND CASH EQUIVALENTS :**

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

**Q) CASH FLOW STATEMENT :**

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

**R) DISCLOSURE OF EBITDA :**

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



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

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

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

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

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

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

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

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

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

The Company does not have any holding company.

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

Nil

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

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

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

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

|   | Non – Current<br>As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) | Current Maturities<br>As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|---|---|------------------------------------|--|------------------------------------|
| <b>NOTE – 5</b>                                 |   |                                    |  |                                    |
| <b>LONG TERM BORROWINGS</b>                     |   |                                    |  |                                    |
| <b>Term Loans</b>                               |   |                                    |  |                                    |
| From Banks (Secured)                            | 6219.67   | 5222.10                            | 1579.84  | 893.93                             |
| From Financial Institutions (Secured)           | 615.63  | 903.13                             | 287.50   | 287.50                             |
| From Others (Unsecured)                         | 71.95   | 74.69                              | 95.37  | 69.97                              |
|   | 6907.25   | 6199.92                            | 1962.71  | 1251.40                            |
| <b>Deposits (Unsecured)</b>                     |   |                                    |  |                                    |
| Fixed Deposits                                  | 653.71  | 547.63                             | 311.39   | 187.60                             |
| Deposits from Related Parties (Refer Note 28.3) | 0.00  | 1600.00                            | -  | -                                  |
|   | 653.71  | 2147.63                            | 311.39   | 187.60                             |
|   | 7560.96   | 8347.55                            | 2274.10  | 1439.00                            |



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

#### Repayment Schedule of Loans

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

\* includes Interest portion

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

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



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

|  | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|--|------------------------------------|------------------------------------|
| <b>NOTE – 6</b>  |                                    |                                    |
| <b>DEFERRED TAX LIABILITY (NET)</b>  |                                    |                                    |
| Deferred Tax Liability   |                                    |                                    |
| Fixed assets : Impact of difference between tax Depreciation and depreciation / amortisation charged for the financial reporting | 1352.30                            | 1173.15                            |
| Others   | 12.77                              | 16.10                              |
|  | <u>1365.07</u>                     | <u>1189.25</u>                     |
| Deferred Tax Assets  |                                    |                                    |
| Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis                  | 60.21                              | 34.34                              |
| Others   | 14.25                              | 60.50                              |
|  | <u>74.46</u>                       | <u>94.84</u>                       |
| Deferred Tax Liability (Net)   | <u><b>1290.61</b></u>              | <u><b>1094.41</b></u>              |



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

|  | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|--|------------------------------------|------------------------------------|
| <b>Note – 8</b>                              |                                    |                                    |
| <b>SHORT TERM BORROWINGS</b>                 |                                    |                                    |
| Loans Repayable on Demand :                  |                                    |                                    |
| From Banks                                   |                                    |                                    |
| Working Capital Loans (Secured)              | 5056.55                            | 3642.77                            |
|  | <u>5056.55</u>                     | <u>3642.77</u>                     |
| Loans from Related Parties (Refer Note 28.3) | 1216.29                            | 436.61                             |
| Deposits (Unsecured)                         |                                    |                                    |
| Public Fixed Deposits                        | 621.86                             | 635.28                             |
| Inter Corporate deposits                     | 475.00                             | 260.00                             |
|  | <u>1096.86</u>                     | <u>895.28</u>                      |
|  | <u>7369.70</u>                     | <u>4974.66</u>                     |
| The above amount includes :                  |                                    |                                    |
| Secured borrowings                           | 5056.55                            | 3642.77                            |
| Unsecured borrowings                         | 2313.15                            | 1331.89                            |
|  | <u>7369.70</u>                     | <u>4974.66</u>                     |

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

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

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

|   | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|---|------------------------------------|------------------------------------|
| <b>NOTE – 9</b>   |                                    |                                    |
| <b>TRADE PAYABLES</b>   |                                    |                                    |
| Micro, Small and Medium Enterprises (Refer Note 27.8)   | 0.00                               | 0.00                               |
| Others  | 3945.31                            | 4487.99                            |
|   | <u>3945.31</u>                     | <u>4487.99</u>                     |
| <b>NOTE – 10</b>  |                                    |                                    |
| <b>OTHER CURRENT LIABILITIES</b>  |                                    |                                    |
| Current Maturities of Long Term borrowings (Refer Note 5)   |                                    |                                    |
| From Banks  | 1579.84                            | 893.93                             |
| From Financial Institutions   | 287.50                             | 287.50                             |
| From Others   | 95.37                              | 69.97                              |
| Public Fixed Deposits (Refer Note 5)  | 311.39                             | 187.60                             |
| Interest Accrued but not due on borrowings  | 108.93                             | 89.16                              |
| Interest Accrued and due on borrowings  | 86.12                              | 90.87                              |
| Unpaid Dividends *  | 16.56                              | 14.57                              |
| Unpaid Matured deposits and Interest accrued thereon * #  | 38.89                              | 33.24                              |
| Payable for Capital Goods   | 280.42                             | 459.87                             |
| Other Liabilities   |                                    |                                    |
| Statutory dues payable  | 304.27                             | 305.96                             |
| Advance from Customers  | 26.82                              | 71.00                              |
| Security Deposits from Customers  | 212.86                             | 111.35                             |
| Others  | 82.27                              | 72.13                              |
|   | <u>3431.24</u>                     | <u>2687.15</u>                     |
| * Does not include any amounts outstanding as on 31.03.2013 which are required to be credited to Investor Education and Protection Fund         |                                    |                                    |
| # These figures includes Rs. 0.15 (P.Y. Rs 0.15) due and outstanding as on date 31.03.2013, which is held in abeyance due to legal case pending |                                    |                                    |



# NOTE – 11

## FIXED ASSETS (Refer D on Note 2.1)

(₹ in Lacs)

| Particulars                                    | Land<br>Freehold | Land<br>Leasehold | Building | Plant & Furniture &<br>Machinery | Office<br>Fixtures Equipments | Vehicles | Total    |
|--|------------------|-------------------|----------|----------------------------------|-------------------------------|----------|----------|
| <b>I Tangible Assets</b>                       |                  |                   |          |                                  |                               |          |          |
| <b>A Cost or Valuation -</b>                   |                  |                   |          |                                  |                               |          |          |
| <b>At 31st March, 2012</b>                     | 4378.67          | 1285.25           | 6816.95  | 14461.91                         | 148.43                        | 390.99   | 27689.56 |
| Additions                                      | 0.00             | 0.00              | 479.99   | 1502.80                          | 10.02                         | 140.74   | 2258.94  |
| Disposals                                      | 0.00             | 0.00              | 5.72     | 43.93                            | 0.00                          | 0.16     | 57.56    |
| <b>At 31st March, 2013</b>                     | 4378.67          | 1285.25           | 7291.22  | 15920.78                         | 158.45                        | 531.57   | 29890.94 |
| <b>B Depreciation -</b>                        |                  |                   |          |                                  |                               |          |          |
| <b>At 31st March, 2012</b>                     | 0.00             | 5.37              | 2568.96  | 5083.53                          | 111.16                        | 278.56   | 8171.56  |
| Additions                                      | 0.00             | 3.59              | 145.68   | 952.53                           | 3.11                          | 25.38    | 1152.03  |
| Disposals                                      | 0.00             | 0.00              | 1.01     | 40.71                            | 0.00                          | 0.03     | 49.51    |
| <b>At 31st March, 2013</b>                     | 0.00             | 8.96              | 2713.63  | 5995.35                          | 114.27                        | 303.91   | 9274.08  |
| <b>C Net Block</b>                             |                  |                   |          |                                  |                               |          |          |
| <b>At 31st March, 2013</b>                     | 4378.67          | 1276.29           | 4577.59  | 9925.44                          | 44.18                         | 227.66   | 20616.86 |
| <b>At 31st March, 2012</b>                     | 4378.67          | 1279.88           | 4247.99  | 9378.38                          | 37.28                         | 112.44   | 19518.00 |
| <b>II Capital Work In Progress</b>             |                  |                   |          |                                  |                               |          |          |
| <b>At 31st March, 2012</b>                     |                  | 828.33            |          |                                  |                               |          |          |
| Additions                                      |                  | 1496.78           |          |                                  |                               |          |          |
| Deductions                                     |                  | 828.33            |          |                                  |                               |          |          |
| <b>At 31st March, 2013</b>                     |                  | 1496.78           |          |                                  |                               |          |          |
| <b>III Intangible Assets under development</b> |                  |                   |          |                                  |                               |          |          |
| <b>At 31st March, 2012</b>                     |                  | 0.00              |          |                                  |                               |          |          |
| Additions                                      |                  | 134.07            |          |                                  |                               |          |          |
| Disposals                                      |                  | 0.00              |          |                                  |                               |          |          |
| <b>At 31st March, 2013</b>                     |                  | 134.07            |          |                                  |                               |          |          |

## Notes

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

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

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





|   | Non – Current                      |                                    | Current                            |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
| <b>NOTE – 13</b>  |                                    |                                    |                                    |                                    |
| <b>LOANS AND ADVANCES</b>   |                                    |                                    |                                    |                                    |
| Unsecured, Considered good unless otherwise stated                                    |                                    |                                    |                                    |                                    |
| Capital Advances  | 383.77                             | 67.82                              | 0.00                               | 0.00                               |
| Loans and Advances to related parties (Refer Note 28.3)                               | 311.68                             | 282.78                             | 0.00                               | 0.00                               |
| Advances recoverable in cash or in kind or for value to be received (Refer Note 28.3) |                                    |                                    |                                    |                                    |
| Considered Good   | 0.00                               | 0.00                               | 437.43                             | 411.21                             |
| Considered Doubtful   | 0.00                               | 0.00                               | 13.99                              | 9.50                               |
| Less : Provided for :   | 0.00                               | 0.00                               | 13.99                              | 9.50                               |
|   | 0.00                               | 0.00                               | 0.00                               | 0.00                               |
|   | 0.00                               | 0.00                               | 437.43                             | 411.21                             |
| Other Loans and Advances  |                                    |                                    |                                    |                                    |
| Loans to employees  | 0.44                               | 0.80                               | 6.86                               | 8.74                               |
| Prepaid Expenses  | 0.90                               | 0.42                               | 62.91                              | 12.73                              |
| Deposits with Government Authorities  | 58.38                              | 43.16                              | 0.00                               | 158.18                             |
| Advance Income Tax less Provisions  | 40.63                              | 47.32                              | 0.00                               | 0.00                               |
| MAT Credit entitlement  | 403.41                             | 303.43                             | 0.00                               | 0.00                               |
| Other Trade / Security Deposits (Refer Note 28.3)                                     | 666.79                             | 433.38                             | 0.00                               | 0.00                               |
| Loans in Current Account  | 0.00                               | 0.00                               | 0.00                               | 42.96                              |
|   | 1170.55                            | 828.51                             | 69.77                              | 222.61                             |
|   | 1866.00                            | 1179.11                            | 507.20                             | 633.82                             |
| Loans and Advances to related parties include -                                       |                                    |                                    |                                    |                                    |
| Loan to Subsidiary  | 125.58                             | 115.92                             | 0.00                               | 0.00                               |
| Balance with Firm in which company is a partner                                       | 186.00                             | 166.86                             | 0.00                               | 0.00                               |
| Others  | 0.10                               | 0.00                               | 0.00                               | 0.00                               |
|   | 311.68                             | 282.78                             | 0.00                               | 0.00                               |
| <b>NOTE – 14</b>  |                                    |                                    |                                    |                                    |
| <b>Other Assets</b>   |                                    |                                    |                                    |                                    |
| Unsecured, Considered good unless otherwise stated                                    |                                    |                                    |                                    |                                    |
| Deposits with original maturity of more than 12 months (Refer Note 18)                | 49.09                              | 31.12                              | 0.00                               | 0.00                               |
| Unamortised Borrowing cost (Refer G (ii) & (iii) on Note 2.1))                        | 21.59                              | 28.93                              | 11.65                              | 10.27                              |
| Interest Receivable [Refer Note No. 27.3 (B)]   | 0.00                               | 0.00                               | 99.70                              | 172.43                             |
| Export Benefits Receivable  | 0.00                               | 0.00                               | 83.68                              | 144.38                             |
| Subsidy Receivable [Refer Note No. 27.3 (A)]  | 0.00                               | 0.00                               | 66.38                              | 73.55                              |
|   | 70.68                              | 60.05                              | 261.41                             | 400.63                             |

|  | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|--|------------------------------------|------------------------------------|
| <b>NOTE – 15</b>   |                                    |                                    |
| <b>CURRENT INVESTMENTS (Valued at lower of cost and fair value)</b>                                |                                    |                                    |
| (Refer C on Note 2.1)  |                                    |                                    |
| Quoted Equity Instruments  |                                    |                                    |
| 400 (P.Y. 400) equity shares of Rs 10 each fully paid-up<br>In Aminex Chemicals Ltd.               | 0.04                               | 0.04                               |
| 15 (P.Y. 15) equity shares of Rs 10 each fully paid-up<br>In Century Enka Ltd                      | 0.06                               | 0.06                               |
| 60 (P.Y. 60) equity shares of Rs 10 each fully paid-up<br>In Essar Steel Ltd.                      | 0.01                               | 0.01                               |
| 200 (P.Y. 200) equity shares of Rs 10 each fully paid-up<br>In Golden Agro Tech Industries Ltd     | 0.02                               | 0.02                               |
| 100 (P.Y. 100) equity shares of Rs 10 each fully paid-up<br>In Great Eastern Shipping Co.Ltd       | 0.04                               | 0.04                               |
| 25 (P.Y. 25) equity shares of Rs 10 each fully paid-up<br>in Great Offshore Ltd                    | 0.01                               | 0.01                               |
| 25000 (P.Y. 25000) equity shares of Rs 1 each fully paid-up<br>In Interface Financial Services Ltd | 2.00                               | 2.00                               |
| 120 (P.Y. 120) equity shares of Rs 2 each fully paid-up<br>In Matrix Laboratories Ltd              | 0.64                               | 0.64                               |
| 49000 (P.Y. 49000) equity shares of Rs 1 each fully paid-up<br>In Radhe Developers Ltd             | 0.49                               | 0.49                               |
| 2500 (P.Y. 2500) equity shares of Rs 10 each fully paid-up<br>In Saket Projects Ltd                | 0.25                               | 0.25                               |
| 900000 (P.Y. 900000) equity shares of Rs 1 each fully paid-up<br>In Sanara Media Ltd.              | 1.24                               | 1.24                               |
|  | <hr/> 4.80                         | <hr/> 4.80                         |
| Less : Diminution in value of Investments  | 3.73                               | 3.32                               |
| Total  | <hr/> 1.07                         | <hr/> 1.48                         |
| Aggregate amount of quoted investments<br>[Market value ₹ 1.26 Lacs (P.Y. ₹ 1.71 Lacs)]            | 4.80                               | 4.80                               |
| Aggregate provision for diminution in value of Investments   | 3.73                               | 3.32                               |
| <b>NOTE – 16</b>   |                                    |                                    |
| <b>INVENTORIES</b>   |                                    |                                    |
| (Refer D on Note No. 2.1)  |                                    |                                    |
| Stores & Spares  | 369.03                             | 336.66                             |
| Raw Materials<br>[Includes Goods in Transit ₹ 2.52 Lacs (P.Y. ₹ 5.86 Lacs)]                        | 2523.81                            | 1992.19                            |
| Packing Materials<br>[Includes Goods in Transit ₹ 2.83 Lacs (P.Y. ₹ 0.21 Lacs)]                    | 1444.92                            | 935.40                             |
| Finished Goods<br>[Includes Goods in Transit ₹ 175.41 Lacs (P.Y. ₹ 125.21 Lacs)]                   | 4334.78                            | 3440.93                            |
|  | <hr/> 8672.54                      | <hr/> 6705.18                      |



|  |      | As At<br>31.03.2013<br>(₹ in Lacs)      | As At<br>31.03.2012<br>(₹ in Lacs)      |
|--|------|---|---|
| <b>NOTE – 17</b>   |      |   |   |
| <b>TRADE RECEIVABLES</b>   |      |   |   |
| <b>Unsecured, Considered good unless otherwise stated</b>                            |      |   |   |
| Outstanding for a period exceeding six months from the date they are due for payment |      |   |   |
| Considered Good  |      | 99.92                                   | 16.10                                   |
| Considered Doubtful  | 0.37 |   | 0.37                                    |
| Less : Provided for  | 0.37 |   | 0.37                                    |
|  |      | 0.00                                    | 0.00                                    |
|  |      | 99.92                                   | 16.10                                   |
| Other receivables - Unsecured considered Good  |      | 1437.50                                 | 3324.75                                 |
|  |      | 1537.42                                 | 3340.85                                 |
| of the above debts (exceeding six months)  |      |   |   |
| Secured Considered good  |      | 13.62                                   | 0.00                                    |
| Unsecured Considered good  |      | 86.30                                   | 16.10                                   |
|  |      | 99.92                                   | 16.10                                   |
| <b>NOTE – 18</b>   |      |   |   |
| <b>CASH AND BANK BALANCES</b>  |      |   |   |
| <b>Cash and cash equivalents (Refer P on Note No. 2.1)</b>                           |      |   |   |
| Balances with Banks  |      |   |   |
| On Current Accounts  |      | 38.65                                   | 26.52                                   |
| Deposits with original maturity of less than three months                            |      | 19.44                                   | 15.19                                   |
| On Unpaid Dividend a/c   |      | 16.56                                   | 14.58                                   |
| Cheques, Drafts on hand  |      | 0.84                                    | 3.49                                    |
| Cash Balance on hand   |      | 22.26                                   | 17.78                                   |
|  |      | 97.75                                   | 77.56                                   |
| <b>Other Bank Balances</b>   |      |   |   |
| Deposits with original maturity for more than Three months                           |      | 19.32                                   | 19.32                                   |
| [Includes Security deposit with bank ₹ 18.64 Lacs (P. Y. ₹ 18.64 Lacs)]              |      |   |   |
| Margin Money deposit (towards guarantee and LC issued by banks)                      |      | 44.74                                   | 120.18                                  |
|  |      | 64.06                                   | 139.50                                  |
|  |      | 161.81                                  | 217.06                                  |
| Less : Deposits with original maturity of more than 12 months                        |      |   |   |
| Amount disclosed under non – current assets (Refer Note 14)                          |      | 49.09                                   | 31.12                                   |
|  |      | 112.72                                  | 185.94                                  |
|  |      | Year Ended<br>31.03.2013<br>(₹ in Lacs) | Year Ended<br>31.03.2012<br>(₹ in Lacs) |
| <b>NOTE – 19</b>   |      |   |   |
| <b>REVENUE FROM OPERATIONS (GROSS)</b>   |      |   |   |
| <b>(Refer E (i) on Note 2.1)</b>   |      |   |   |
| Sale of Products   |      |   |   |
| Finished Goods   |      | 32570.65                                | 28318.10                                |
| Sale of Services   |      |   |   |
| Income from Money Changing Business  |      | 5.37                                    | 5.89                                    |
| Other Operating Revenues   |      |   |   |
| Export Licences / DEPB   |      | 107.83                                  | 166.46                                  |
| Miscellaneous Sales  |      | 82.05                                   | 89.80                                   |
|  |      | 32765.90                                | 28580.25                                |

|  | Year Ended<br>31.03.2013<br>(₹ in Lacs) | Year Ended<br>31.03.2012<br>(₹ in Lacs) |
|--|---|---|
| <b>Details of Products sold</b>  |   |   |
| Finished Goods   |   |   |
| Ice Cream & Frozen Desserts  | 27495.64                                | 23881.81                                |
| Fruit Pulp, Frozen Fruits, Vegetables & Ready to eat / serve   | 5075.01                                 | 4436.29                                 |
|  | <u>32570.65</u>                         | <u>28318.10</u>                         |
| <b>Note -</b>  |   |   |
| The Company is engaged in the manufacturing and trading of selected Fruit Pulp, Frozen Fruits, Vegetables & Ready to eat / serve Products. Due to complexities, it is not possible to segregate the information regarding Sales, consumption and inventories of such products into Finished goods and traded goods |   |   |
| <b>NOTE – 20</b>   |   |   |
| <b>OTHER INCOME</b>  |   |   |
| Interest Income (Refer Note 27.3 (b))  | 439.67                                  | 197.96                                  |
| Dividend Income  |   |   |
| On Long Term Investments   | 0.24                                    | 0.24                                    |
| Net gain on Foreign Currency Translations and Transactions   | 52.55                                   | 0.00                                    |
| Share of Profit of Partnership Firms #   | 19.14                                   | 13.74                                   |
| Other Income   |   |   |
| Profit on Sale of Fixed Assets   | 6.16                                    | 12.14                                   |
| Profit on sales of Investments   | 1.73                                    | 0.00                                    |
| Excess Provision written back  | 48.82                                   | 11.08                                   |
| Miscellaneous Income   | 245.41                                  | 53.64                                   |
|  | <u>813.72</u>                           | <u>288.80</u>                           |
| # Amount of share of profit in partnership firm have been accounted on the basis of unaudited financial statements of the partnership firm   |   |   |
| <b>NOTE – 21</b>   |   |   |
| <b>COST OF MATERIALS CONSUMED</b>  |   |   |
| (Also Refer Note 27.10)  |   |   |
| Inventory at the beginning of the year   | 2927.59                                 | 2404.93                                 |
| Add : Purchases  | 19059.89                                | 16600.65                                |
|  | <u>21987.48</u>                         | <u>19005.58</u>                         |
| Less : Inventory at the end of the year  | 3968.73                                 | 2927.59                                 |
| Cost of Materials consumed   | <u>18018.75</u>                         | <u>16077.99</u>                         |
| <b>Details of Materials consumed -</b>   |   |   |
| Milk and Milk Products   | 5100.74                                 | 4783.45                                 |
| Dry Fruits, Fresh Fruits & Vegetables  | 3220.77                                 | 2528.19                                 |
| Packing Materials  | 4296.27                                 | 3565.97                                 |
| Others   | 5400.97                                 | 5200.38                                 |
|  | <u>18018.75</u>                         | <u>16077.99</u>                         |
| <b>Details of Inventory -</b>  |   |   |
| Milk and Milk Products   | 1649.73                                 | 1339.39                                 |
| Dry Fruits, Fresh Fruits & Vegetables  | 271.44                                  | 137.91                                  |
| Packing Materials  | 1444.92                                 | 935.40                                  |
| Others   | 602.64                                  | 514.89                                  |
|  | <u>3968.73</u>                          | <u>2927.59</u>                          |



|  | Year Ended<br>31.03.2013<br>(₹ in Lacs) | Year Ended<br>31.03.2012<br>(₹ in Lacs) |
|--|---|---|
| <b>NOTE – 22</b>   |   |   |
| <b>PURCHASE OF TRADED GOODS</b>  |   |   |
| Ready to eat / serve   | 155.63                                  | 86.69                                   |
| Fruit Pulp,Frozen Fruits, Vegetables   | 1009.21                                 | 494.40                                  |
| Others   | 18.12                                   | 10.67                                   |
|  | <u>1182.96</u>                          | <u>591.76</u>                           |
| <b>NOTE – 23</b>   |   |   |
| <b>CHANGES IN INVENTORIES OF FINISHED GOODS<br/>AND STOCK IN TRADE</b>   |   |   |
| <b>Opening Stock :</b>   |   |   |
| Finished Goods   | 3440.93                                 | 2942.06                                 |
|  | <u>3440.93</u>                          | <u>2942.06</u>                          |
| <b>Closing Stock :</b>   |   |   |
| Finished Goods   | 4334.78                                 | 3440.93                                 |
|  | <u>4334.78</u>                          | <u>3440.93</u>                          |
| <b>Net Changes in Inventories</b>  | <u>(893.85)</u>                         | <u>(498.87)</u>                         |
| <b>Details of Inventory -<br/>Finished Goods</b>   |   |   |
| Ice Cream & Frozen Desserts  | 1821.24                                 | 1740.09                                 |
| Fruit Pulp,Frozen Fruits, Vegetables & Ready to eat / serve  | 2513.54                                 | 1700.84                                 |
|  | <u>4334.78</u>                          | <u>3440.93</u>                          |
| <b>NOTE – 24</b>   |   |   |
| <b>EMPLOYEE BENEFITS EXPENSE</b>   |   |   |
| Salary, Wages, Allowances & Bonus, etc   | 1318.88                                 | 1159.24                                 |
| Contribution to Provident & other funds  | 101.74                                  | 89.96                                   |
| Staff Welfare Expenses   | 116.56                                  | 92.92                                   |
|  | <u>1537.18</u>                          | <u>1342.12</u>                          |
| <b>NOTE – 25</b>   |   |   |
| <b>OTHER EXPENSES</b>  |   |   |
| Job Charges  | 1666.11                                 | 1403.40                                 |
| Power & Fuel   | 2552.11                                 | 2209.52                                 |
| Stores & Spares Consumption (Refer Note 27.11)   | 59.13                                   | 60.91                                   |
| Repairs  |   |   |
| Building   | 64.22                                   | 42.52                                   |
| Machinery  | 267.62                                  | 184.22                                  |
| Excise Duty others   | 29.56                                   | 37.93                                   |
| Rent   | 625.49                                  | 524.64                                  |
| Rates & Taxes  | 22.80                                   | 20.56                                   |
| Insurance  | 52.15                                   | 45.36                                   |
| Payment to Auditors (Refer details below)  | 28.40                                   | 23.58                                   |
| Freight, & Forwarding expenses   | 1660.35                                 | 1366.23                                 |
| Provision for Doubtful Advances  | 4.49                                    | 0.00                                    |
| Bad Debts  | 0.07                                    | 0.00                                    |
| Diminution in Value of Current Investments   | 0.41                                    | 0.28                                    |
| Net loss on Foreign Currency Translation and Transactions  | 0.00                                    | 61.13                                   |
| Other Expenses (Including Legal & Professional, Conveyance,<br>Telephone, Postage, Printing & Stationery, etc) | 1466.25                                 | 1136.07                                 |
|  | <u>8499.16</u>                          | <u>7116.35</u>                          |



|  | Year Ended<br>31.03.2013<br>(₹ in Lacs) | Year Ended<br>31.03.2012<br>(₹ in Lacs) |
|--|---|---|
| <b>Payment to Auditors</b>                                 |   |   |
| As Auditor   |   |   |
| Audit Fees   | 12.00                                   | 10.75                                   |
| Tax Audit Fees   | 5.00                                    | 4.25                                    |
| Limited Review   | 2.25                                    | 1.60                                    |
| In Other Capacity  |   |   |
| Taxation matters   | 1.32                                    | 1.71                                    |
| Other services (certification fees)                        | 6.95                                    | 4.60                                    |
| Reimbursement of expenses                                  | 0.88                                    | 0.67                                    |
|  | <u>28.40</u>                            | <u>23.58</u>                            |
| <b>NOTE – 26</b>   |   |   |
| <b>FINANCE COST</b>  |   |   |
| (Refer G on Note 2.1)                                      |   |   |
| Interest Expenses  | 2275.73                                 | 1759.32                                 |
| Other Borrowing Cost                                       | 120.72                                  | 114.28                                  |
| Amortisation of ancilliary borrowing costs                 | 10.27                                   | 10.20                                   |
| Net Loss on Foreign Currency Transactions and Translations | 74.91                                   | 105.52                                  |
|  | <u>2481.63</u>                          | <u>1989.32</u>                          |

**NOTE - 27 Additional Information to the Financial Statements**

**27.1)[A] CONTINGENT LIABILITIES NOT PROVIDED FOR :**

|  | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|--|------------------------------------|------------------------------------|
| I) Guarantees given by the company against Term Loans given to companies in which Directors are interested is ₹ 1474Lacs (P.Y. ₹ 924Lacs). Outstanding against this as at 31.03.2013 | 782.40                             | 620.72                             |
| II) i) For Excise -  |                                    |                                    |
| a) Related to a matter decided in favor of the company, against which the Excise department has preferred an appeal. Gross ₹ 18.03 Lacs (P.Y. ₹ 18.03Lacs) Net of Tax                | 12.18                              | 12.18                              |
| b) Related to a matter which is disputed by the company against which appeal is preferred. Gross ₹ 0.00 Lacs (P.Y. ₹ 2.32 Lacs) Net of Tax   | 0.00                               | 1.57                               |
| ii) For Income Tax -   |                                    |                                    |
| a) which is disputed by the company and against which company has preferred appeal, based on the demand notices raised by Income Tax Dept. and received by the company.              | 5.99                               | 8.44                               |
| b) Against which Income Tax department has preferred appeal  | 166.65                             | 166.65                             |
| c) In respect of erstwhile Vadilal Financial Services Limited (VFSL) Income Tax Demand ( including interest) for which the company has preferred appeal.                             | 1.93                               | 1.93                               |
| iii) For Sales Tax -   |                                    |                                    |
| Disputed by the company and against which company has preferred an appeal. Gross ₹ 87.09 Lacs ( P.Y. ₹ 83.11Lacs ) Net of Tax  | 58.83                              | 56.14                              |
| iv) For other Matters -  |                                    |                                    |
| Gross ₹ 9.39 Lacs (P.Y. ₹ 9.39 Lacs) Net of Tax  | 6.34                               | 6.34                               |
| v) In respect of other labor suits pending before various courts, liability is unascertainable.  | —                                  | —                                  |
| vi) Differential amount of custom/excise duty in respect of machinery purchased under EPCG scheme.   | 561.51                             | 426.33                             |



III) Other Money for which the Company is contingently liable

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

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

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

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

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

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

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

Note: Figures in brackets relate to previous year.

## 27.2) Commitments:

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

|  | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|--|------------------------------------|------------------------------------|
| Tangible Assets  | 186.29                             | 134.16                             |
| Intangible Assets  | 169.50                             | 0.00                               |
|  | 355.79                             | 134.16                             |
| (b) Letter of credits and Bank guarantees issued by banks and outstanding as on 31 <sup>st</sup> March,2013: | 470.85                             | 1129.28                            |

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

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

## 27.4) Capitalisation of Expenditure:

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



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

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

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

Loans/Advances and Investments of the company :

| Particulars  | O/S.as at<br>31.03.2013<br>(₹ in Lacs) | Maximum O/S.<br>during the year<br>(₹ in Lacs) |
|--|--|--|
| (I) SUBSIDIARY COMPANY                               |  |  |
| Vadilal Industries (USA) Inc.                        |  |  |
| - Investments #                                      | 11.74                                  | 11.74  |
|  | (11.74)                                | (11.74)  |
| - Loan & Advance*#                                   | 125.58                                 | 125.58   |
|  | (115.92)                               | (115.92)                                       |
| (II) PARTNERSHIP FIRMS WHERE SHARE IS MORE THAN 51 % |  |  |
| Vadilal Cold Storage                                 |  |  |
| - Investments  | 140.00                                 | 140.00   |
|  | (140.00)                               | (140.00)                                       |
| - Loans & Advances                                   | 186.00                                 | 186.00   |
|  | (166.86)                               | (166.86)                                       |
| (III) Associates:                                    |  |  |
| Vadilal Forex and Consultancy Services Ltd.          |  |  |
| - Investments  | 0.72                                   | 0.72   |
|  | (0.72)                                 | (0.72)   |

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

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

Note: Figures in bracket relate to previous year.

**27.7) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

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

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

- iii) Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2013

| PARTICULARS              | C.Year        |                | P.Year         |                |
|--------------------------|---------------|----------------|----------------|----------------|
|                          | PAYABLE       | RECEIVABLE     | PAYABLE        | RECEIVABLE     |
| US \$                    | 873010.83     | 1180492.28     | 2136409.49     | 632084.78      |
| EURO                     | 0.00          | 906.00         | 0.00           | 30323.00       |
| GBP                      | 2904.90       | 16459.06       | 0.00           | 8166.79        |
| <b>TOTAL ₹ (In Lacs)</b> | <b>477.13</b> | <b>1133.38</b> | <b>1092.99</b> | <b>1443.76</b> |

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

**27.9) MANAGERIAL REMUNERATION**

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

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

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

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

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

**27.11) STORES AND SPARES CONSUMED:**

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

**27.12)**

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

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

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

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



## 28) Disclosure under Accounting Standards

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

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

#### (ii) Defined Benefit Plans :

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

| Particulars   | Gratuity Plan               | Gratuity Plan                |
|---|-----------------------------|------------------------------|
|   | Current Year<br>(₹ in Lacs) | Previous Year<br>(₹ in Lacs) |
| Opening defined benefit                             |                             |                              |
| Obligation as at 01.04.12                           | 153.98                      | 138.46                       |
| Service Cost  | 14.86                       | 13.75                        |
| Interest Cost                                       | 13.09                       | 11.34                        |
| Actuarial Losses (Gains)                            | 6.91                        | 8.30                         |
| Losses (Gains) on Curtailments                      | —                           | —                            |
| Liabilities extinguished on settlements             | —                           | —                            |
| Benefits Paid                                       | (7.64)                      | (17.87)                      |
| Closing defined benefit obligation as at 31.03.2013 | 181.20                      | 153.98                       |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes :

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



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

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

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

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

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

1) Key Management Personnel :

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

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

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

3) Relative of key Management Personnel :

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

**Transaction with Related Parties :**

(₹ in Lacs)

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

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



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

Note : a) Payment to key management personnel in form of Managing Director's remuneration is shown in Note No. 27.9

b) Represents towards deposit & receivable

c) Represents as capital investments and amount in current account with partnership firm in which company is partner.

d) Investment in subsidiary of ₹ 11.74 Lacs equals to \$ 25000 & Loans and advance made ₹ 125.58 Lacs equals to US \$ 268000.

e) Transaction of sales are shown net of VAT/ CST and Outstanding of Trade Receivables are inclusive of VAT/ CST.

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

g) Figures in brackets relate to previous year.

h) Outstanding balance shown net of Acceptance.

#### 28.4) OPERATING LEASE:-

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

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

Note: Figures in brackets relate to previous year.



## 28.5) Earnings Per Share (EPS) :

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

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

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

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

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

### b) Nature of provisions :

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

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

## 29) Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current years classification/disclosure.

Signatures to Notes 1 to 29

For and on behalf of the Board

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

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

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013



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

| Sr. No. | Particulars                              | Note | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|---------|--|------|------------------------------------|------------------------------------|
| I       | <b>EQUITY AND LIABILITIES</b>            |      |                                    |                                    |
| (1)     | <b>Shareholders' Funds:</b>              |      |                                    |                                    |
|         | (a) Share Capital                        | 2    | 718.78                             | 718.78                             |
|         | (b) Reserves & Surplus                   | 3    | 10562.85                           | 10243.94                           |
|         | <b>Sub Total</b>                         |      | <b>11281.63</b>                    | <b>10962.72</b>                    |
| (2)     | Minority Interest                        |      | 8.55                               | 8.16                               |
| (3)     | <b>Deferred Government Grant</b>         |      | 22.38                              | 25.58                              |
| (4)     | <b>Non-Current liabilities</b>           |      |                                    |                                    |
|         | (a) Long Term borrowings                 | 4    | 7560.96                            | 8347.55                            |
|         | (b) Deferred tax liabilities(Net)        | 5    | 1290.61                            | 1094.41                            |
|         | (d) Long term provisions                 | 6    | 53.97                              | 34.19                              |
|         | <b>Sub Total</b>                         |      | <b>8905.54</b>                     | <b>9476.15</b>                     |
| (5)     | <b>Current liabilities</b>               |      |                                    |                                    |
|         | (a) Short term borrowings                | 7    | 7369.70                            | 4974.66                            |
|         | (b) Trade payables                       | 8    | 3968.92                            | 4485.83                            |
|         | (c) Other current liabilities            | 9    | 3443.43                            | 2711.87                            |
|         | (d) Short term provisions                | 6    | 250.56                             | 277.94                             |
|         | <b>Sub Total</b>                         |      | <b>15032.61</b>                    | <b>12450.30</b>                    |
|         | <b>TOTAL -&gt;</b>                       |      | <b>35250.71</b>                    | <b>32922.91</b>                    |
| II      | <b>ASSETS</b>                            |      |                                    |                                    |
| (1)     | <b>Non-current assets</b>                |      |                                    |                                    |
|         | (a) Fixed Assets :                       | 10   |                                    |                                    |
|         | i) Tangible assets                       |      | 20738.35                           | 19631.58                           |
|         | II) Capital Work - In - Progress         |      | 1496.78                            | 828.33                             |
|         | III) Intangible Assets under development |      | 134.07                             | 0.00                               |
|         | <b>Sub Total</b>                         |      | <b>22369.20</b>                    | <b>20459.91</b>                    |
|         | (b) Non-current Investments              | 11   | 7.48                               | 4.87                               |
|         | (c) Long-term loans and advances         | 12   | 1574.60                            | 922.77                             |
|         | (d) Other non-current assets             | 13   | 70.68                              | 60.04                              |
|         | <b>Sub Total</b>                         |      | <b>24021.96</b>                    | <b>21447.59</b>                    |
| (2)     | <b>Current Assets</b>                    |      |                                    |                                    |
|         | (a) Current Investments                  | 14   | 1.07                               | 1.48                               |
|         | (b) Inventories                          | 15   | 8801.66                            | 6778.67                            |
|         | (c) Trade receivables                    | 16   | 1276.27                            | 3250.11                            |
|         | (d) Cash & Bank balances                 | 17   | 173.38                             | 215.55                             |
|         | (e) Short term Loans & Advances          | 12   | 714.96                             | 828.88                             |
|         | (f) Other Current Assets                 | 13   | 261.41                             | 400.63                             |
|         | <b>Sub Total</b>                         |      | <b>11228.75</b>                    | <b>11475.32</b>                    |
|         | <b>TOTAL -&gt;</b>                       |      | <b>35250.71</b>                    | <b>32922.91</b>                    |

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

As per our report of even date

For and on behalf of the Board

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

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

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013

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

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

As per our report of even date

For and on behalf of the Board

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

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

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 30, 2013

Place : Ahmedabad  
Date : May 30, 2013



## CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

|   | For the year<br>ended<br>31.03.2013<br>(₹ in Lacs) | For the year<br>ended<br>31.03.2012<br>(₹ in Lacs) |
|---|--|--|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>  |  |  |
| Profit before tax and Exceptional Items from continuing operations  | 820.69   | 925.04   |
| Non-cash adjustments to reconcile profit before tax to net cash flows   |  |  |
| Depreciation and amortisation expense   | 1161.35  | 960.48   |
| Withdrawn From Revaluation Reserve /<br>Deferred Government Grant   | (53.53)  | (20.73)  |
| Loss / (Profit) on sale of Assets   | (6.16)   | (12.14)  |
| Loss / (Profit) on sale of Investments  | (1.73)   | 0.00   |
| Provision for Doubtful advances   | 4.49   | 0.00   |
| Upfront Interest on restructuring of Loan   | 10.27  | 10.86  |
| Diminution in value of Current Investments  | 0.41   | 0.28   |
| Excess Provision written back   | (48.82)  | (11.08)  |
| Dividend  | (0.24)   | (0.24)   |
| Interest expenses   | 2481.92  | 1989.65  |
| Interest Income   | (457.20)   | (216.78)   |
| Exchange rate difference on consolidation   | (7.16)   | (3.04)   |
| Operating Profit before working capital changes   | 3904.29  | 3622.30  |
| Movements in working capital :  |  |  |
| Increase / (decrease) in trade payables   | (516.91)   | 2698.45  |
| Increase / (decrease) in long term provisions   | 19.78  | 22.28  |
| Increase / (decrease) in short term provisions  | 13.97  | (8.37)   |
| Increase / (decrease) in other current liabilities  | 763.63   | 749.83   |
| Decrease / (increase) in trade receivable   | 1973.84  | (901.70)   |
| Decrease / (increase) in inventories  | (2022.99)  | (1147.82)  |
| Decrease / (increase) in long term loans and advances   | (564.42)   | 771.36   |
| Decrease / (increase) in short term loans and advances  | 78.71  | (184.86)   |
| Decrease / (increase) in other current assets   | 63.56  | (124.45)   |
| Cash Generated from / (used in) Operations  | 3713.46  | 5497.02  |
| Direct taxes paid (net of refunds)  | (253.76)   | (174.36)   |
| Cash flow before extraordinary items  | 3459.70  | 5322.66  |
| Net Prior Year Expenses   | 0.00   | 0.00   |
| Net Cash from / (used in) Operating Activities  | 3459.70  | 5322.66  |
| <b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |  |
| Loans given (Net)   | 30.71  | (5.51)   |
| Purchase of fixed assets  | (3019.39)  | (3469.14)  |
| Sale of fixed assets  | 14.15  | 12.36  |
| Purchase of Current Investments   | 49.59  | (0.22)   |
| Proceeds from Sale / maturity of Investments  | (48.27)  | 0.00   |
| Investments in bank deposits (having original maturity<br>of more than three months)                                    | 75.44  | (111.91)   |
| Interest received   | 529.93   | 240.01   |
| Dividend received   | 0.24   | 0.24   |
| Net Cash flow from / (used in) Investing Activities   | (2367.60)  | (3334.17)  |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>  |  |  |
| Proceeds from Long Term borrowings  | 3513.47  | 4738.69  |
| Repayment of Long Term borrowings   | (4300.06)  | (2687.88)  |
| Proceeds from Short Term borrowings   | 8062.67  | 2354.70  |
| Repayment of Short Term borrowings  | (5667.63)  | (4243.73)  |
| Interest paid   | (2525.99)  | (2048.44)  |
| Dividends paid on equity shares   | (105.83)   | (105.00)   |
| Tax on equity dividend paid   | (17.49)  | (17.49)  |
| Net Cash used in Financing Activities   | (1040.86)  | (2009.15)  |
| Net Increase/(Decrease) in cash and<br>Cash equivalents (A+B+C)   | 51.24  | (20.67)  |
| Op. Balance of Cash and Cash Equivalents (Includes unrealised<br>exchange difference of ₹ 0.07 lacs (P.Y. ₹ 2.06 lacs)) | 107.17   | 127.84   |
| Cl. Balance of Cash and Cash Equivalents (Includes unrealised<br>exchange difference of ₹ 0.01 Lacs (P.Y. ₹ 0.07 lacs)) | 158.41   | 107.17   |
| <b>Major Components of Cash and Cash Equivalents as at</b>  | <b>31.03.2013</b>                                  | <b>31.03.2012</b>                                  |
| Cash and Cheques on hand  | 24.19  | 25.44  |
| Balance With Banks  |  |  |
| On Current Accounts   | 98.22  | 51.96  |
| On Fixed / Margin Money Deposit Accounts  | 19.44  | 15.19  |
| On Unpaid Dividend Accounts *   | 16.56  | 14.58  |
|   | <b>158.41</b>                                      | <b>107.17</b>                                      |

Notes : 1. The above Cash Flow has been prepared under Indirect Method set out in AS 3, issued by Companies (Accounting Standard) Rules, 2006.  
2. Figures in brackets represents outflow.  
3. Previous Year figures have been restated wherever necessary to make them comparable with current year figures.  
\* The Company can utilise this balance only towards settlement of the unclaimed dividend.

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

For and on behalf of the Board

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

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

Place : Ahmedabad  
Date : May 30, 2013

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

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

**B) PRINCIPLES OF CONSOLIDATION :**

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

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

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

**D) OTHER SIGNIFICANT ACCOUNTING POLICIES :**

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

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

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





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

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

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

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

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

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

The Company does not have any holding company.

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

Nil

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

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

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

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

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

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

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



| Repayment Schedule of Loans (Contd.)  |                               |                  |                  |                  |   | (₹ in Lacs)           |
|---|-------------------------------|------------------|------------------|------------------|---|-----------------------|
| Term Loans From Banks   | Sanctioned / Disbursed Amount | As at 31.03.2013 | As at 31.03.2012 | Rate of Interest | No of installment                                   | Amount of installment |
| SBI (Project)   | 900.00                        | 900.00           | 0.00             | 13.35%           | 24 Monthly  | 37.50                 |
| SBI (Project)   | 2100.00                       | 1558.53          | 0.00             | 12.95%           | 39 Monthly  | 10.00                 |
|   |                               |                  |                  |                  | 22 Monthly  | 52.00                 |
|   |                               |                  |                  |                  | 1 Monthly   | 24.53                 |
| Vehicle Loans   |                               |                  |                  |                  |   |                       |
| BOB   |                               | 13.78            | 20.07            | -                | 20 Monthly Installments *                           |                       |
| HDFC  |                               | 111.71           | 55.25            | -                | From 27 to 54 Monthly Installments *                |                       |
| ICICI   |                               | 0.00             | 0.71             | -                |   |                       |
| From Financial Institutions   |                               |                  |                  |                  |   |                       |
| Exim  | 1000.00                       | 750.00           | 950.00           | 12.75%           | 15 Quarterly.                                       | 50.00                 |
| Exim  | 525.00                        | 153.13           | 240.62           | 12.80%           | 07 Quarterly  | 21.87                 |
| Other – IBM India   | 97.42                         | 92.63            | 0.00             | 12.50%           | 16 Quarterly Installments of ₹ 7.83 Lacs *          |                       |
| – Magma Finance   | 150.00                        | 74.69            | 144.66           | 16.01%           | 11 Monthly Installments of ₹ 7.35 Lacs *            |                       |
| Total   |                               | 8869.96          | 7451.32          |                  |   |                       |
| Fixed deposits  |                               | 965.10           | 735.23           | 10.25%<br>11.00% | 12 Month to 36 months based<br>on period of deposit |                       |
| * includes interest portion   |                               |                  |                  |                  |   |                       |
| A 1) Existing Term loans from IDBI, SBI and Exim aggregating to ₹ 21.00 Crores, New Term loan from BOB, SBI and Exim Bank aggregating to ₹ 30 crores and further term loan from BOB and SBI ₹ 34.00 Crores are secured by English Mortgage on Immovable properties and hypothecation on movable properties of the company situated at the following places by way of 1 <sup>st</sup> and 2 <sup>nd</sup> charge on pari – passu basis : |                               |                  |                  |                  |   |                       |
| i Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| ii Dharampur, Dist.: Valsad (Canning Unit) (1st Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| iii Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| iv Village Pundhra, Tal : Kalol, Dist. : Gandhinagar (Icecream Plant) (1st Charge) (Owned property)   |                               |                  |                  |                  |   |                       |
| v Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (1st Charge) (Leased property)  |                               |                  |                  |                  |   |                       |
| vi Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (2nd charge) (Owned property)   |                               |                  |                  |                  |   |                       |
| vii Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2nd Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| viii Dharampur, Dist. : Valsad (New Land) (1st Charge) (Owned property)   |                               |                  |                  |                  |   |                       |
| ix Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant)   |                               |                  |                  |                  |   |                       |
| (Only on movable properties as 1st Charge) (Excluding specific plant & machineries)   |                               |                  |                  |                  |   |                       |
| x Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 1st Charge)   |                               |                  |                  |                  |   |                       |
| xi Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 1st Charge)  |                               |                  |                  |                  |   |                       |
| 2) New Term Loans aggregating to ₹ 30 crores from BOB, SBI and Exim bank and further term loan aggregating to ₹ 34 crores from BOB and SBI and additional term loan of ₹9 crores from SBI as above are also secured by way mortgage and hypothecation on immovable and movable properties of the Company situated at bareilly, parsakhera Industrial Area, U.P. (New Land F-12) (Leased property)                                       |                               |                  |                  |                  |   |                       |
| 3) Additional Term Loan of ₹ 21 crores from SBI is secured by hypothecation on movable properties of the company as mentioned in Point No.(1) and (2) above by way of 1 <sup>st</sup> /2 <sup>nd</sup> pari-passu charge.   |                               |                  |                  |                  |   |                       |
| 4) The above Term Loans are also secured by way of Hypothecation on entire current assets of the Company on 2nd pari-passu charge basis   |                               |                  |                  |                  |   |                       |
| 5) The Old Term Loan of ₹ 6 Crores from IDBI Bank Ltd. are also secured by mortgage and hypothecation on immovable immovable and movable properties of the Company situated at the following places by way of 1st charge on pari passu basis and also hypothecation on specific plant and machineries situated at IQF unit, Dharampur and Bareilly Unit – II by way of 1 <sup>st</sup> charge :-  |                               |                  |                  |                  |   |                       |
| i Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| ii Dharampur, Dist.: Valsad (Canning Unit) (1st Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| iii Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad   |                               |                  |                  |                  |   |                       |
| (Office Complex) (1st Charge) (Owned property)  |                               |                  |                  |                  |   |                       |
| iv Village Pundhra, Tal : Kalol, Dist. : Gandhinagar (Icecream Plant) (1st Charge) (Owned property)   |                               |                  |                  |                  |   |                       |
| v Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (1st Charge) (Leased property)  |                               |                  |                  |                  |   |                       |
| vi Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 1st Charge)  |                               |                  |                  |                  |   |                       |
| (Excluding specific plant & machineries)  |                               |                  |                  |                  |   |                       |
| vii Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 1st Charge)   |                               |                  |                  |                  |   |                       |
| viii Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) (Only on movable properties as 1st Charge)   |                               |                  |                  |                  |   |                       |
| 6) Vehicle Loans for Vehicles are secured by hypothecation of vehicles  |                               |                  |                  |                  |   |                       |
| B The Term Loans are also secured by personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies.   |                               |                  |                  |                  |   |                       |

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

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

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

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



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

#### NOTE – 8 TRADE PAYABLES

|                                    | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
|------------------------------------|------------------------------------|------------------------------------|
| Micro Small and Medium Enterprises | 0.00                               | 0.00                               |
| Others                             | 3968.92                            | 4485.83                            |
|                                    | <u>3968.92</u>                     | <u>4485.83</u>                     |

#### NOTE – 9 OTHER CURRENT LIABILITIES

|   |                |                |
|---|----------------|----------------|
| Current Maturities of Long Term debts (Refer Note 4)        |                |                |
| From Banks  | 1579.84        | 893.93         |
| From Financial Institutions                                 | 287.50         | 287.50         |
| From Others   | 95.37          | 69.97          |
| Public Deposits (Refer Note 4)                              | 311.39         | 187.60         |
| Interest Accrued but not due on borrowings                  | 108.93         | 89.16          |
| Interest Accrued and due on borrowings                      | 86.12          | 90.87          |
| Unclaimed Dividends *                                       | 16.56          | 14.57          |
| Unclaimed Matured deposits and Interest accrued thereon * # | 38.89          | 33.24          |
| Payable for Capital Goods                                   | 280.42         | 459.87         |
| Other Payables -  |                |                |
| Statutory dues payable                                      | 306.60         | 307.73         |
| Advance from Customers                                      | 26.82          | 71.01          |
| Security Deposits from Customers                            | 213.09         | 111.56         |
| Others  | 91.90          | 94.86          |
|   | <u>3443.43</u> | <u>2711.87</u> |

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

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



**NOTE – 10**  
**FIXED ASSETS**

₹ in Lacs

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

**Notes**

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

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

**NOTE – 11**

**NON-CURRENT INVESTMENTS (LONG TERM)**

**Trade Investments (valued at cost unless stated otherwise)**

**Unquoted equity instruments**

**Others**

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

**Non trade Investments (valued at cost unless stated otherwise)**

**Government and Trust Securities**

**Unquoted**

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



|   | As At<br>31.03.2013<br>(₹ in Lacs) |                                    | As At<br>31.03.2012<br>(₹ in Lacs) |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Other Investments</b>  |                                    |                                    |                                    |                                    |
| Equity Instruments  |                                    |                                    |                                    |                                    |
| Unquoted  |                                    |                                    |                                    |                                    |
| 74100 (P.Y. 74100) equity shares of ₹ 10 each fully paid up<br>In Majestic Farm House Ltd.  |                                    |                                    | 1.87                               | 1.87                               |
| 280 (P.Y. 280) equity shares of ₹ 10 each fully paid up<br>In Padm Complex Pvt. Ltd.        |                                    |                                    | 0.03                               | 0.03                               |
| 280 (P.Y. 280) equity shares of ₹ 10 each fully paid up<br>In Volute Construction Pvt Ltd.  |                                    |                                    | 0.03                               | 0.03                               |
| 4195 (P.Y. 4195) equity shares of Rs 25 each fully paid<br>In Textile Traders Coop Bank Ltd |                                    |                                    | 1.05                               | 1.05                               |
| 3540 (P.Y. 3540) equity shares of Rs 25 each fully paid<br>In Siddhi Coop Bank Ltd          |                                    |                                    | 0.89                               | 0.89                               |
|   |                                    |                                    | 7.48                               | 4.87                               |
| Aggregate amount of unquoted investments  |                                    |                                    | 7.48                               | 4.87                               |
|   | Non – Current                      |                                    | Current                            |                                    |
|   | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) | As At<br>31.03.2013<br>(₹ in Lacs) | As At<br>31.03.2012<br>(₹ in Lacs) |
| <b>NOTE – 12</b>  |                                    |                                    |                                    |                                    |
| <b>LOANS AND ADVANCES</b>   |                                    |                                    |                                    |                                    |
| Unsecured, Considered good unless otherwise stated  |                                    |                                    |                                    |                                    |
| Capital Advances  | 383.77                             | 67.82                              | 0.00                               | 0.00                               |
| Loans and Advances to related parties (Refer Note 27.2)                                     | 0.10                               | 0.00                               | 0.00                               | 0.00                               |
| Advances recoverable in cash or in kind<br>or for value to be received (Refer Note 27.2)    |                                    |                                    |                                    |                                    |
| Considered Good   | 0.00                               | 0.00                               | 474.56                             | 447.45                             |
| Considered Doubtful   | 0.00                               | 0.00                               | 13.99                              | 9.50                               |
| Less : Provided for :   | 0.00                               | 0.00                               | 13.99                              | 9.50                               |
|   | 0.00                               | 0.00                               | 0.00                               | 0.00                               |
|   | 0.00                               | 0.00                               | 474.56                             | 447.45                             |
| Other Loans and Advances  |                                    |                                    |                                    |                                    |
| Loans to employees  | 0.44                               | 0.81                               | 7.23                               | 9.52                               |
| Prepaid Expenses  | 0.90                               | 0.42                               | 62.91                              | 12.75                              |
| Deposits with Government Authorities  | 70.59                              | 55.37                              |                                    | 158.18                             |
| Advance Income Tax less Provisions  | 44.86                              | 57.43                              |                                    | —                                  |
| MAT Tax entitlement   | 403.41                             | 303.43                             |                                    | —                                  |
| Other Trade / Security Deposits (Refer Note 27.2)   | 670.53                             | 437.49                             |                                    | —                                  |
| Loans in Current Account  |                                    | —                                  | 170.26                             | 200.98                             |
|   | 1190.73                            | 854.95                             | 240.40                             | 381.43                             |
|   | 1574.60                            | 922.77                             | 714.96                             | 828.88                             |
| Loans and Advances to Related Parties   |                                    |                                    |                                    |                                    |
| Other   | 0.10                               | 0.00                               |                                    |                                    |
|   | 0.10                               | 0.00                               |                                    |                                    |
| <b>NOTE – 13</b>  |                                    |                                    |                                    |                                    |
| <b>Other Assets</b>   |                                    |                                    |                                    |                                    |
| Unsecured, Considered good unless otherwise stated  |                                    |                                    |                                    |                                    |
| Deposits with original maturity for more than 12 months                                     | 49.09                              | 31.12                              | 0.00                               | 0.00                               |
| Non Current bank balances (Refer Note No. 17)   |                                    |                                    |                                    |                                    |
| Unamortised Borrowing cost  | 21.59                              | 28.92                              | 11.65                              | 10.28                              |
| Interest Receivable   | 0.00                               | 0.00                               | 99.70                              | 172.43                             |
| Export Benefits Receivable  | 0.00                               | 0.00                               | 83.68                              | 144.38                             |
| Subsidy Receivable  | 0.00                               | 0.00                               | 66.38                              | 73.54                              |
|   | 70.68                              | 60.04                              | 261.41                             | 400.63                             |

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



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

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



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

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

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

| Name                     | Country of<br>Incorporation | Proportion of<br>ownership interest |
|--------------------------|-----------------------------|-------------------------------------|
| Vadilal Industries Inc.* | USA                         | 100.00 %                            |

Statement of Financial Information of Vadilal Industries (USA) Inc. a Wholly owned Subsidiary Company as on 31st March, 2013 as per General Circular No. 2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs.

| Sr No | Particulars   | Amt (In ₹)                             | Amt (In USD) |
|-------|---|--|--------------|
| 1     | Capital*  | 11,73,750                              | 25,000       |
| 2     | Reserve**   | (1,79,12,966)                          | (3,29,343)   |
| 3     | Total Assets**  | 4,00,26,906                            | 7,35,924     |
| 4     | Total Liabilities**   | 4,00,26,906                            | 7,35,924     |
| 5     | Details of Investments (Except in case of investment in the subsidiary) | Nil                                    | Nil          |
| 6     | Turnover***   | 5,13,53,646                            | 9,43,134     |
| 7     | Profit Before Tax***  | (91,31,102)                            | (1,67,697)   |
| 8     | Provision for Income Tax***   | 81,675                                 | 1,500        |
| 9     | Profit After Taxation***  | (92,12,777)                            | (1,69,197)   |
| 10    | Proposed Dividend   | Nil                                    | Nil          |
| 11    | Country   | New Jersey(USA)<br>San Francisco (USA) |              |

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

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

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



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

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

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

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

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

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

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

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

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

**26.5) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

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



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

iii) Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2013

| PARTICULARS       | C.Year    |            | P.Year     |            |
|-------------------|-----------|------------|------------|------------|
|                   | PAYABLE   | RECEIVABLE | PAYABLE    | RECEIVABLE |
| US \$             | 873010.83 | 1180492.28 | 2136409.49 | 632084.78  |
| EURO              | 0.00      | 906.00     | 0.00       | 30323.00   |
| GBP               | 2904.90   | 16459.06   | 0.00       | 8166.79    |
| TOTAL ₹ (In Lacs) | 477.13    | 1133.38    | 1092.99    | 1443.76    |

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

## 27) Disclosure under Accounting Standards

### 27.1) SEGMENT INFORMATION :

#### A PRIMARY SEGMENT - BUSINESS SEGMENT :

[ ₹ in Lacs ]

| SR. NO. | PARTICULARS  | ICE CREAM               | PROCESSED FOODS       | OTHERS             | ELIMI-NATION         | TOTAL                  |
|---------|--|-------------------------|-----------------------|--------------------|----------------------|------------------------|
| a)      | SEGMENT REVENUE                                    |                         |                       |                    |                      |                        |
|         | External Sales                                     | 26393.37<br>(23,603.55) | 5684.06<br>(4,657.59) | 195.69<br>(203.44) | 0.00<br>0.00         | 32273.12<br>(28464.58) |
|         | Inter segment                                      |                         | 130.52<br>(153.41)    |                    | -130.52<br>(153.41)  | 0.00<br>0.00           |
|         | Other segment Income                               | 154.03<br>(56.62)       | 204.78<br>(16.45)     | 0.01<br>(0.05)     | 0.00<br>0.00         | 358.82<br>(73.12)      |
|         | Total segment revenue                              | 26547.40<br>(23660.17)  | 6019.36<br>(4827.45)  | 195.70<br>(203.49) | -130.52<br>(-153.41) | 32631.94<br>(28537.70) |
| b)      | SEGMENT RESULTS                                    | 3016.09<br>(3,113.42)   | 51.68<br>(-222.23)    | 6.18<br>(4.22)     | 0.00<br>0.00         | 3073.95<br>(2895.41)   |
|         | Unallocated Expenditure net of unallocated income  |                         |                       |                    |                      | -228.66<br>(-19.28)    |
|         | Operating profit                                   |                         |                       |                    |                      | 3302.61<br>(2914.69)   |
|         | Interest Expense                                   |                         |                       |                    |                      | 2481.92<br>(1,989.65)  |
|         | Taxation for the year                              |                         |                       |                    |                      |                        |
|         | - Current /MAT Tax                                 |                         |                       |                    |                      | 85.89<br>(23.07)       |
|         | - Deferred Tax                                     |                         |                       |                    |                      | 196.20<br>(311.71)     |
|         | - Short/Excess provision of I.Tax of earlier years |                         |                       |                    |                      | 38.28<br>(10.70)       |
|         | - Minority Interest                                |                         |                       |                    |                      | 0.39<br>(0.28)         |
|         | - Share of Profit in Associate                     |                         |                       |                    |                      | 2.61<br>(0.00)         |
|         | Net Profit/ (Loss)                                 |                         |                       |                    |                      | 502.54<br>(579.28)     |
| c)      | SEGMENT ASSETS                                     | 24835.70<br>(23994.49)  | 8873.93<br>(7285.03)  | 190.81<br>(182.73) | 0.00<br>0.00         | 33900.44<br>(31462.25) |
|         | Unallocated Assets                                 |                         |                       |                    |                      | 1348.10<br>(1460.75)   |
|         | Total Assets                                       |                         |                       |                    |                      | 35248.54<br>(32923.00) |

| SR. PARTICULARS<br>NO.   | ICE CREAM | PROCESSED<br>FOODS | OTHERS  | ELIMI-<br>NATION | TOTAL       |
|--|-----------|--------------------|---------|------------------|-------------|
| d) SEGMENT LIABILITIES   | 4231.26   | 811.52             | 10.78   | 0.00             | 5053.56     |
|  | (4691.80) | (958.49)           | (13.89) | 0.00             | (5664.18)   |
| Unallocated liabilities  |           |                    |         |                  | 18907.41    |
|  |           |                    |         |                  | (16,287.94) |
| Total Liabilities  |           |                    |         |                  | 23960.97    |
|  |           |                    |         |                  | (21952.12)  |
| e) Cost incurred during the period to acquire segment fixed assets | 3452.49   | 305.14             | 15.11   |                  | 3772.74     |
|  | (4310.98) | (1154.94)          | (3.34)  |                  | (5469.26)   |
| f) Depreciation/Amortisation                                       | 926.80    | 223.99             | 5.29    |                  | 1156.08     |
|  | (763.23)  | (165.20)           | (6.04)  |                  | (934.47)    |
| g) Non cash expenses other than depreciation/amortisation          | 4.49      | 0.00               | 0.00    |                  | 4.49        |
|  | (0.00)    | (0.00)             | (0.00)  |                  | (0.00)      |

Note : Figures in brackets relate to previous year.

#### B SECONDARY SEGMENT - GEOGRAPHICAL SEGMENT :

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

| Sr<br>No | Geographical Area | Current<br>Year | Previous<br>Year |
|----------|-------------------|-----------------|------------------|
| 1        | India             | 28471.56        | 25230.80         |
| 2        | Outside India     | 3801.56         | 3233.78          |
|          |                   | 32273.12        | 28464.58         |

#### C OTHER DISCLOSURES

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

#### 27.2) RELATED PARTY DISCLOSURES :

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


**Transaction with Related Parties :**

(₹ in Lacs)

| Sr. No. | Particulars of Transaction & Name of related party with whom transactions are more than 10% | Associates      | Relatives of Key Management Personnel | Enterprises owned or significantly influenced by key management personnel or their relatives | Total                   |
|---------|---|-----------------|---------------------------------------|--|-------------------------|
| 1       | Sales :   |                 |                                       |  |                         |
|         | i) Vadilal Enterprises Ltd.   | —<br>(—)        | —<br>(—)                              | 28253.21<br>(24,641.47)  | 28253.21<br>(24,641.47) |
|         | ii) Others  | —<br>(—)        | —<br>(—)                              | 84.02<br>(66.84)   | 84.02<br>(66.84)        |
| 2       | Purchase :  |                 |                                       |  |                         |
|         | Ambica Dairy Products   | —<br>(—)        | —<br>(—)                              | 163.41<br>(103.40)   | 163.41<br>(103.40)      |
| 3       | Rent Income :   |                 |                                       |  |                         |
|         | Vadilal Enterprises Ltd.  | —<br>(—)        | —<br>(—)                              | 0.54<br>(0.54)   | 0.54<br>(0.54)          |
| 4       | Interest paid :   |                 |                                       |  |                         |
|         | i) Vadilal Forex and Consultancy Services Ltd.  | 0.44<br>(1.48)  | —<br>(—)                              | —<br>(—)   | 0.44<br>(1.48)          |
|         | ii) Padm Complex Ltd.   | —<br>(—)        | —<br>(—)                              | 0.02<br>(0.57)   | 0.02<br>(0.57)          |
|         | iii) Veronica Construction P. Ltd   | —<br>(—)        | —<br>(—)                              | 212.97<br>(40.46)  | 212.97<br>(40.46)       |
|         | iv) Kalpit Realty & Services Ltd  | —<br>(—)        | —<br>(—)                              | 0.00<br>(16.38)  | 0.00<br>(16.38)         |
| 5       | Salary paid :   |                 |                                       |  |                         |
|         | i) Mamta R.Gandhi   | —<br>(—)        | 5.61<br>(1.08)                        | —<br>(—)   | 5.61<br>(1.08)          |
|         | ii) Kalpit R. Gandhi  | —<br>(—)        | 5.46<br>(3.43)                        | —<br>(—)   | 5.46<br>(3.43)          |
| 6       | Interest Income :   |                 |                                       |  |                         |
|         | Vadilal International Pvt.Ltd.  | —<br>(—)        | —<br>(—)                              | 3.76<br>(3.75)   | 3.76<br>(3.75)          |
| 7       | Royalty paid/payable :  |                 |                                       |  |                         |
|         | Vadilal International Pvt.Ltd.  | —<br>(—)        | —<br>(—)                              | 1.41<br>(1.38)   | 1.41<br>(1.38)          |
| 8       | Loan & Advance Given  |                 |                                       |  |                         |
|         | ii) Majestic Farm House Ltd.  | —<br>(—)        | —<br>(—)                              | 0.00<br>(3.57)   | 0.00<br>(3.57)          |
|         | iii) Vadilal International Pvt.Ltd.   | —<br>(—)        | —<br>(—)                              | 600.00<br>(0.00)   | 600.00<br>(0.00)        |
| 9       | Loan & Advance Re-Paid  |                 |                                       |  |                         |
|         | i) Vadilal International Pvt.Ltd.   | —<br>(—)        | —<br>(—)                              | 375.25<br>(0.00)   | 375.25<br>(0.00)        |
| 10      | Intercompany Deposit Received   |                 |                                       |  |                         |
|         | i) Veronica Construction P. Ltd   | —<br>(—)        | —<br>(—)                              | 4112.25<br>(1600.00)   | 4112.25<br>(1600.00)    |
| 11      | Intercompany Deposit Re-paid/Adjusted:  |                 |                                       |  |                         |
|         | i) Veronica Construction P. Ltd   | —<br>(0.00)     | —<br>(—)                              | 5129.28<br>(0.00)  | 5129.28<br>(0.00)       |
|         | ii) Vadilal Forex and Consultancy Services Ltd.   | 15.38<br>(0.00) | —<br>(—)                              | —<br>(—)   | 15.38<br>(0.00)         |
| 12      | Balance outstanding at year end :   |                 |                                       |  |                         |
|         | a) Investments :  |                 |                                       |  |                         |
|         | i) Majestic Farm House Ltd.   | —<br>(—)        | —<br>(—)                              | 1.87<br>(1.87)   | 1.87<br>(1.87)          |
|         | ii) Vadilal Forex and Consultancy Services Ltd.   | 0.72<br>(0.72)  | —<br>(—)                              | —<br>(—)   | 0.72<br>(0.72)          |

| Sr. No. | Particulars of Transaction & Name of related party with whom transactions are more than 10% | Associates      | Relatives of Key Management Personnel | Enterprises owned or significantly influenced by key management personnel or their relatives | Total                |
|---------|---|-----------------|---------------------------------------|--|----------------------|
| b)      | Receivable :<br>Trade Receivables   |                 |                                       |  |                      |
| i)      | Vadilal Enterprises Ltd.  | —<br>(—)        | —<br>(—)                              | 832.37<br>(2987.97)  | 832.37<br>(2987.97)  |
| ii)     | Others  | —<br>(—)        | —<br>(—)                              | 7.17<br>(11.67)  | 7.17<br>(11.67)      |
|         | Loans & Advances Given  |                 |                                       |  |                      |
| i)      | Vadilal International Pvt.Ltd.  | —<br>(—)        | —<br>(—)                              | 600.00<br>(375.25)   | 600.00<br>(375.25)   |
| ii)     | Padm Complex Ltd  | —<br>(—)        | —<br>(—)                              | 20.79<br>(20.69)   | 20.79<br>(20.69)     |
|         | Advance given to supplier:  |                 |                                       |  |                      |
| i)      | Ambica Dairy Products   | —<br>(—)        | —<br>(—)                              | 14.03<br>(-28.40)  | 14.03<br>(-28.40)    |
| c)      | Payable :<br>ICD Taken  |                 |                                       |  |                      |
| i)      | Padm Complex Ltd.   | —<br>(—)        | —<br>(—)                              | 0.00<br>(0.33)   | 0.00<br>(0.33)       |
| ii)     | Vadilal Forex and Consultancy Services Ltd.   | 0.00<br>(15.38) | —<br>(—)                              | —<br>(—)   | 0.00<br>(15.38)      |
| iii)    | Veronica Construction P. Ltd  | —<br>(—)        | —<br>(—)                              | 1216.29<br>(2020.90)   | 1216.29<br>(2020.90) |
| d)      | Against corporate guarantee given :<br>Vadilal Enterprises Ltd.                             | —<br>(—)        | —<br>(—)                              | 1474.00<br>(924.00)  | 1474.00<br>(924.00)  |
| e)      | Against corporate guarantee taken:  |                 |                                       |  |                      |
| i)      | Vadilal Enterprises Ltd.  | —<br>(—)        | —<br>(—)                              | 800.00<br>(800.00)   | 800.00<br>(800.00)   |
| ii)     | Padm Complex & Volute Construction  | —<br>(—)        | —<br>(—)                              | 9303.00<br>(9303.00)   | 9303.00<br>(9303.00) |

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

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

c) Outstanding balance shown net of Acceptance.

d) Figures in brackets relate to previous year.

### 27.3) Operating Lease:-

- 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 and 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.
- Lease payments are recognised as expense in the Profit & Loss Statement on a straight line basis over the lease term under "Rent" in Note 24 "Other Expenses."
- The future minimum estimated operating lease payments under non cancellable operating lease: ( ₹ in Lacs )

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

Note: Figures in brackets relate to previous year.



27.4) Earning Per Share (EPS) :

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

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

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

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

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

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

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

Place : Ahmedabad  
Date : May 30, 2013



## Independent Auditor's Report

### To the Board of Directors of Vadilal Industries Limited

We have audited the accompanying consolidated financial statements of Vadilal Industries Limited ("the Company") and its subsidiary, partnership firm and associate, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

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

### Emphasis of Matter

- a. Attention is invited to Note No. 26.4 (a) of the financial statement, whereby the company has for the year accounted transport subsidy of Rs. 57 Lacs awaiting announcement of such policy from government.

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

### Other Matter

1. The financial statement of an associate in which the share of profit of the group is ₹ 2.61 lacs have been audited by us.
2. We did not audit the financial statements of partnership firm and subsidiary which in aggregate represent total assets (net) as at March 31, 2013 of Rs. 696.82 lakhs and total revenues of Rs.727.26 lakhs and net cash inflows amounting to Rs.31.05 lakhs for the year ended on that date. Above figures have been considered in Consolidated Financial Statements based solely on the unaudited separate financial statements certified by the Management.
3. As stated in note 27.5, as the audited financial statements of partnership firm and subsidiary company, are not available, we have relied upon the unaudited financial statements as provided by the management for the purpose of our examination of consolidated financial statements.

Our Opinion is not qualified in respect of above matters.

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

Place : Ahmedabad  
Date : May 30, 2013

[Mayank S. Shah]  
Partner  
Membership No.: 44922



## FORM OF PROXY

### VADILAL INDUSTRIES LIMITED

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

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

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

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

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

as my/our Proxy to vote for me/us on my/our behalf at the 29th Annual General Meeting of the members of the Company to be held on Saturday, the 21st September, 2013, at 2.00 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006 and at any adjournment thereof.

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

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

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

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature.....

Affix  
15 Paise  
Revenue  
Stamp

\* Applicable for investors holding shares in electronic form.

### IMPORTANT

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



## ATTENDANCE SLIP

### VADILAL INDUSTRIES LIMITED

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

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

| Name              | Regd Folio No.<br>*DP ID No. and<br>Client ID No. | No. of Shares held |
|-------------------|---|--------------------|
| Shareholder _____ |   |                    |
| Proxy _____       |   |                    |

I hereby record my presence at the 29th Annual General Meeting of the members of the Company on Saturday, the 21st September, 2013, at 2.00 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

Tear here

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## Shortcut to Happiness™

Indian Breads • Snacks • Curries • Fruits • Vegetables





# HAPPINEZZ KA SWAAD



*Artisan*  
Ice cream Log



# BE INFORMED, CHOOSE SMARTLY



- We take pride in being the only National company in India to provide a wide variety of super premium, premium Icecreams and frozen dessert as per the International trends and quality standards
- Icecreams contain milk fat & milk solids, while frozen desserts have Vegetarian Fat & milk solids. Milk solids are the source of calcium, vitamins and proteins in milk, which is present in both Ice creams and frozen dessert.
- "Icecream" or "Frozen Dessert" is very clearly mentioned on the packaging to help consumer to make an Informed product purchase.

SEVERAL SUGGESTIONS ONLY



Vadilal Ice cream



Vanilla Scoop



Vadilal Frozen Dessert



Vanilla Scoop

|   |  |  |
|---|--|--|
| CHOLESTROL  | ✓  | ✗  |
| TRANSFAT  | ✓  | ✗  |
| HYDROGENATED FATS   | ✗  | ✗  |
| VITAMIN   | ✓  | ✓  |
| CALCIUM   | ✓  | ✓  |
| PROTEIN   | ✓  | ✓  |
| MUFA & PUFA<br>(UNSATURATED FATS)                           | ✓  | ✓  |
| CALORIES (Per 100gm<br>of Vanilla Scoop)                    | 143 kcal<br>Icecreams are Full of Energy | 179 kcal<br>Frozen Desserts are equally good source of energy<br>All these benefits make frozen Desserts a healthy treat. Especially in today's stressfull life style since it keeps the blood cholesterol level in control, it is beneficial for the heart. |
| NOTE: ALL ABOVE ARE INDICATED AS PER THE GUIDELINES OF USDA |  |  |

Now, relish frozen desserts and ice cream with equal joy!

[www.vadilalicecreams.com](http://www.vadilalicecreams.com)







**VADILAL INDUSTRIES LIMITED**

**Regd. Office : Vadilal House, Shrimali Society  
Nr. Navrangpura, Ahmedabad - 380009  
[www.vadilalgroup.com](http://www.vadilalgroup.com)**





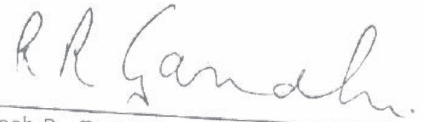

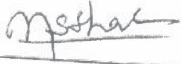

# VADILAL INDUSTRIES LTD.

REGD. OFFICE : "VADILAL HOUSE"  
53, SHRIMALI SOCIETY, NR. NAVRANGPURA RAILWAY CROSSING, NAVRANGPURA, AHMEDABAD - 380009  
TEL. NO. (91) (79) 26584019-24 FAX : (91) (79) 26584027

DIS. T. & S. ON : <http://www.vadilalgroup.com>

## FORM A

Format of covering Letter of annual audit report to be filed with the stock exchanges

|   |   |  |
|---|---|--|
| 1 | Name of the Company                                     | Vadilal Industries Limited   |
| 2 | Annual financial statement for the year ended           | 31 <sup>st</sup> March, 2013   |
| 3 | Type of Audit Observation                               | Unqualified / Matter of Emphasis Report  |
| 4 | Frequency of Observation                                | Not Applicable as the Report is unqualified/ Matter of Emphasis Report                                   |
| 5 | To be signed by-  |  |
|   | 1. Managing Director                                    | <br>(Rajesh R. Gandhi) |
|   | 2. Chief Financial Officer                              | <br>(Milin Jani)      |
|   | 3. M/s Kantilal Patel & Co<br>Auditor of the Company    | <br>(Mayank S. Shah) |
|   | 4. Chairman of Audit Committee                          | <br>(Rohit J. Patel) |
|   | Date: 29 <sup>th</sup> August, 2013<br>Place: Ahmedabad |  |