

## ANNUAL REPORT 2013-2014



VADILAL INDUSTRIES LTD.

**CHAIRMAN EMERITUS :** Ramchandra R. Gandhi  
(upto 18-8-2014)

**BOARD OF DIRECTORS :**

**Executive Directors**

Rajesh R. Gandhi Chairman & Managing Director  
Devanshu L. Gandhi Managing Director

**Independent Directors**

C. M. Maniar (upto 28-6-2014)  
Kshitish M. Shah  
Rohit J. Patel  
Rajesh K. Pandya

**COMPANY SECRETARY :** Nikhil Patel

**AUDITORS :** M/s. Kantilal Patel & Co.  
Chartered Accountants,  
Ahmedabad  
(A member Firm of Polaris International, USA)

**BANKERS :** Bank of Baroda  
State Bank of India  
State Bank of Travancore  
Export-Import Bank of India (Exim Bank)  
IDBI Bank Ltd.

**REGISTERED OFFICE :** Vadilal House, Shrimali Society,  
Nr. Navrangpura Rly. Crossing,  
Navrangpura, Ahmedabad - 380 009.  
CIN: L91110GJ1982PLC005169  
Phone : 079 - 26564019 to 24, 30153347  
Fax : 079 - 26564027  
Web : www.vadilalgroup.com

**SHARE DEPARTMENT :** B/404, 4th Floor, "Time Square"  
Building, C. G. Road,  
Nr. Lal Bungalow Char Rasta,  
Navrangpura, Ahmedabad - 380 009.  
Phone : 079-30153185  
Fax : 079-30153102

**REGISTRAR & SHARE  
TRANSFER AGENT :** MCS Limited,  
(For Physical & Demat) 101, Shatdal Complex,  
1st Floor, Opp. Bata Show Room,  
Ashram Road, Ahmedabad - 380 009.  
Phone : 079 - 26582878 / 26584027 /  
9327055153  
Fax : 079 - 26581296

**FACTORIES :** **Ice-cream Division :**  
1. Village Pundhra, Tal. Mansa,  
Dist. Gandhinagar (Gujarat)  
2. Parsakhara Industrial Area,  
Bareilly (Uttar Pradesh)  
**Processed Foods Division**  
Dharampur, Dist. Valsad (Gujarat)  
**Forex Division**  
(Money Changing Business)  
Vadilal House, Navrangpura, Ahmedabad.  
Ph.: 079-26564025, 26421193  
Web : www.vadilalmarkets.com

**30th ANNUAL GENERAL MEETING**

**Day** - Thursday

**Date** - 25th September, 2014

**Time** - 2.00 p.m.

**Venue** - GICEA, Gajjar Hall, Nirman Bhavan,  
Opp. Law Garden, Ellisbridge,  
Ahmedabad - 380 006

**CONTENTS PAGE NO.**

> Notice of Annual General Meeting	1-25
> Directors' Report	26-30
> Management Discussion & Analysis	30-34
> Report on Corporate Governance	38-44
> Shareholder Information	44-48
> Auditors' Certificate on Corporate Governance	48

**Standalone Accounts**

> Auditors' Report on Accounts	49-51
> Balance Sheet	52
> Statement of Profit & Loss	53
> Cash Flow Statement	54
> Notes to Balance Sheet & Statement of Profit & Loss and Significant Accounting Policies	55-70
> Additional Information to the Financial Statement	70-80
> Statement of Financial Information of Wholly-owned Subsidiary	94-95

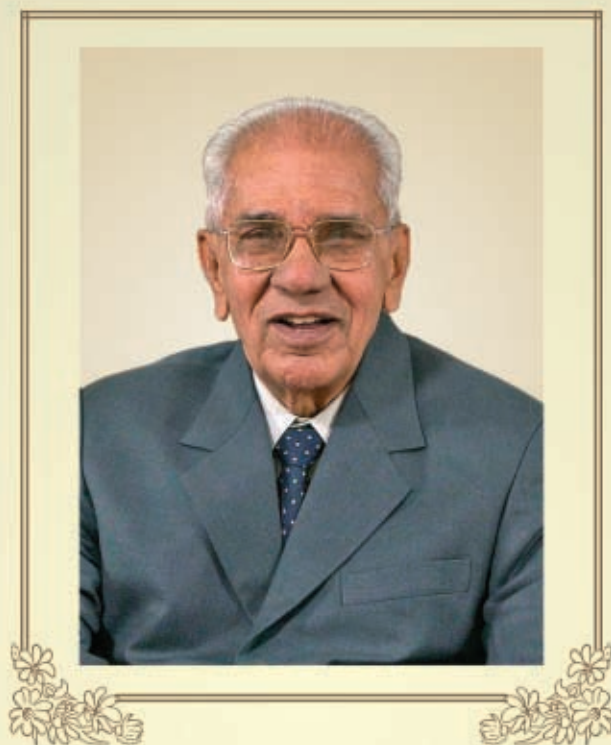
**Consolidated Accounts :**

> Consolidated Accounts	81-100
> Auditors' Report on Consolidated Accounts	101
> E-Communication Registration Form	102
> Proxy Form & Attendance Slip	103-104

**E-Voting Instructions  
(Separate Sheet enclosed)**

**Email for Investor Grievances :**  
shareslogs@vadilalgroup.com

## IN LOVING MEMORY



SHRI RAMCHANDRA GANDHI

CHAIRMAN: EMERITUS

15th February 1925 – 19th August 2014



The Vadilal family fondly remembers  
its founding member, Shri Ramchandra Gandhi, who has left for his heavenly abode.  
He had touched the lives of scores of people in both his professional and personal life  
and left an indelible mark on our hearts.

May his soul rest in peace.







Shortcut  
to Convenience



Mixed Vegetables  
500 gm & 1 kg



Green Peas  
200 gm, 500 gm,  
1 kg & 5 kg



Sweet Corn  
500 gm & 1 kg

Shortcut to  
Happiness™

Indian Breads • Snacks • Fruits • Vegetables



## NOTICE

**NOTICE** is hereby given that the 30<sup>th</sup> **ANNUAL GENERAL MEETING** of the members of **VADILAL INDUSTRIES LIMITED** will be held on Thursday, the 25th day of September, 2014, 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 audited Statement of Profit & Loss for the year ended March 31, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the financial year ended on March 31, 2014.
- 3) To appoint a Director in place of Mr. Rajesh R. Gandhi (DIN: 00009879) who retires by rotation at this Annual General Meeting in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment. If re-appointed, the same shall not be termed as discontinuation of his office as Managing Director of the Company.
- 4) To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) read with rules under the Companies (Audit and Auditors) Rules, 2014, M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad (Registration No. 104744W), the retiring Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration, apart from re-imbursement of out-of-pocket expenses and applicable taxes."

### **SPECIAL BUSINESS :**

- 5) To appoint Mr. Kshitish M. Shah (DIN: 00563191) as an Independent Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and revised Clause – 49 of the Listing Agreement, Mr. Kshitish M. Shah (DIN: 00563191), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and who, pursuant to the provisions of the Companies Act, 2013 (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 2 (two) consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company in the calendar year 2016."
- 6) To appoint Mr. Rohit J. Patel (DIN: 00012367) as an Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and revised Clause – 49 of the Listing Agreement, Mr. Rohit J. Patel (DIN: 00012367), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and who, pursuant to the provisions of the Companies Act, 2013 (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 2 (two) consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company in the calendar year 2016."
- 7) To appoint Mr. Rajesh K. Pandya (DIN: 02711000) as an Independent Director of the Company and in his regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof

for the time being in force) and revised Clause – 49 of the Listing Agreement, Mr. Rajesh K. Pandya (DIN: 02711000), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and who, pursuant to the provisions of the Companies Act, 2013 (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 2 (two) consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company in the calendar year 2016.”

- 8) To re-appoint Mr. Rajesh R. Gandhi (DIN: 00009879) as a Managing Director designated as a “Chairman & Managing Director” for a period of 5 years and payment of remuneration for a period of 3 years and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

“**RESOLVED THAT** in supersession and confirmation of the Special Resolution passed by the members at the 29th Annual General Meeting held on 21<sup>st</sup> September, 2013 for re-appointment of Mr. Rajesh R. Gandhi as a Managing Director and payment of remuneration and pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Rajesh R. Gandhi (DIN : 00009879) as the Managing Director of the Company designated as “Chairman & Managing Director” for a further period of 5 (five) years with effect from April 1, 2014 upto March 31, 2019, upon terms and conditions including remuneration for a period of 3 (three) years with effect from April 1, 2014 upto March 31, 2017 as mentioned in the Explanatory Statement hereunder and more particularly set out in the draft agreement to be entered into by the Company with Mr. Rajesh R. Gandhi and placed before this meeting, duly initialed by the Chairman for the purpose of identification and which draft is hereby specifically approved.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “Board”) be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. Rajesh R. Gandhi in such manner as may be agreed between the Board and Mr. Rajesh R. Gandhi and within the limits as prescribed in Schedule V of the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof.”

“**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company in any financial year during the period of 3 (three) years with effect from April 1, 2014 upto March 31, 2017, the remuneration mentioned in the Explanatory Statement hereunder and in the above referred draft agreement shall be paid to Mr. Rajesh R. Gandhi as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid resolution.”

- 9) To re-appoint Mr. Devanshu L. Gandhi (DIN: 00010146) as a Managing Director designated as a “Chairman & Managing Director” for a period of 5 years and payment of remuneration for a period of 3 years and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

“**RESOLVED THAT** in supersession and confirmation of the Special Resolution passed by the members at the 29th Annual General Meeting held on 21<sup>st</sup> September, 2013 for re-appointment of Mr. Devanshu L. Gandhi as a Managing Director and payment of remuneration and pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Devanshu L. Gandhi (DIN : 00010146) as the Managing Director of the Company for a further period of 5 (five) years with effect from April 1, 2014 upto March 31, 2019, upon terms and conditions including remuneration for a period of 3 (three) years with effect from April 1, 2014 upto March 31, 2017 as mentioned in the Explanatory Statement hereunder and more particularly set out in the draft agreement to be entered into by the Company with Mr. Devanshu L. Gandhi and placed before this meeting, duly initialed by the Chairman for the purpose of identification and which draft is hereby specifically approved.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “Board”) be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement



that may be entered as set out in the said draft agreement including remuneration payable to Mr. Devanshu L. Gandhi in such manner as may be agreed between the Board and Mr. Devanshu L. Gandhi and within the limits as prescribed in Schedule V of the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof."

**"RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company in any financial year during the period of 3 (three) years with effect from April 1, 2014 upto March 31, 2017, the remuneration mentioned in the Explanatory Statement hereunder and in the above referred draft agreement shall be paid to Mr. Devanshu L. Gandhi as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid resolution."

- 10) To confirm the borrowing limit of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in confirmation and supersession of the earlier resolution passed at the 29<sup>th</sup> Annual General Meeting of the members of the Company held on 21<sup>st</sup> September, 2013 under Section 293(1)(d) of the Companies Act, 1956 (earlier Act), the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for the purpose) to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from loans repayable on demand or within 6 months from the date of the loan such as short-term, cash credit arrangement, discounting of bills and the issue of other short term loans of a seasonal character and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 275 crores (Rupees Two Hundred Seventy Five crores)."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid resolution."

- 11) To confirm creation of charge within the borrowing limit of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in confirmation and supersession of the earlier resolution passed at the 29<sup>th</sup> Annual General Meeting of the members of the Company held on 21<sup>st</sup> September, 2013 under Section 293(1)(a) of the Companies Act, 1956 (earlier Act), the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby granted 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 180(1)(c) of the Companies Act, 2013 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."

- 12) To insert new Article in the Articles of Association relating to Chairperson of the Company and in this regard 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 14 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force and as may enacted from time to time), Articles of Association of the Company be and is hereby altered by inserting new Article No. 167-A as under after the existing Article No. 167 of the Articles of Association of the Company :-

*167-A A Director may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.*

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- 13) To alter Articles of Association by inserting new Article relating Inspection and copy of Register & Index of Members and Annual Return and in this regard 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 14, 94 and all other applicable provisions of the Companies Act, 2013 and Rule 14 and 16 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force and as may enacted from time to time), Articles of Association of the Company be and is hereby altered by inserting new Article No. 215-A as under after the existing Article No. 215 of the Articles of Association of the Company :-

*215-A : Inspection and copy of Register & Index of Members and Annual Return*

*Notwithstanding anything contained in other Articles, the Register of Members and Index of Members as mentioned in Section 88 of the Companies Act, 2013 and copies of Annual Returns filed by the Company under Section 92 of the Companies Act, 2013 shall be open for inspection during business hours, at such reasonable time on every working day as the board may decide, by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of fee of Rs. 50/- for each inspection.*

*Any such member, debenture holder, security holder or beneficial owner or any other person may require a copy of any such register or entries therein or return on payment of fee of Rs.10/- for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.*

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- 14) To keep Register and Index of Members at other place and in this regard 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 94 read with Section 88 and 92 and other applicable provisions of the Companies Act, 2013 and Rules made there under, the consent of the members of the Company be and is hereby accorded to keep, maintain and preserve Register of Members and Index of Members of the Company, at the Office of MCS Limited, the Registrar and Share Transfer Agent of the Company, situated at 101, Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad – 380 009 instead of keeping and maintaining the same at Registered Office of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."



- 15) To accept Fixed Deposit from the members and in this regard 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 73 and all other applicable provisions of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 as may be amended from time to time and clarifications/guidelines issued by the Central Government, consent of the members be and is hereby accorded to the Board of Directors of the Company to invite and accept fixed deposits from the members within limits prescribed in the Act and overall borrowing limits of the Company, as approved by the members from time to time and the draft of the Circular for inviting / accepting Deposits from the Members and the terms and conditions contained therein and as given in the Explanatory Statement annexed hereto, be and the same is hereby approved.”

**“RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and is hereby authorised to amend the terms and conditions of the said scheme as and when required and to sign and execute deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper and expedient or incidental for giving effect to this resolution.”

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

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

**Registered Office :**

Vadilal House, Shrimali Society,  
Nr. Navrangpura Rly. Crossing,  
Navrangpura, Ahmedabad - 380 009.  
CIN : L91110GJ1982PLC005169  
Email : sharelogs@vadilalgroup.com  
Website : www.vadilalgroup.com  
Phone : 079 30153189

Dated : 14<sup>th</sup> August, 2014.

**NOTES :**

- 1) **A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office/ Share Department of the Company not less than forty-eight hours before the commencement of the Meeting.**  
**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
- 2) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- 3) A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 4) 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.
- 5)
  - (a) The Company has notified closure of Register of Members and Share Transfer Books from 13<sup>th</sup> September, 2014 to 25<sup>th</sup> September, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
  - (b) Dividend of Re.1.00/- per share (@ 10.00%) on Equity Shares for the year ended on 31st March, 2014 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 12<sup>th</sup> September, 2014, 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 12<sup>th</sup> September, 2014.



**6) Voting through electronic means:**

The Company is pleased to offer e-voting facility to all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote through e-voting services provided by NSDL and the Company may pass any resolution by electronic voting system in accordance with the above provisions.

**The process and manner of e-voting is being sent to all the members whose e-mail ids are registered with the Company/Depository Participant /Share Transfer Agent for communication purpose through electronic mode. For members who have not registered their e-mail ids as above, the process and manner of e-voting is provided in a separate sheet as enclosed alongwith this Annual Report / e-mail separately.**

- 7) 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 Registrars and Transfer Agent, cannot 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 by the members.

- 8) **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**

- 9) 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, 31<sup>st</sup> March, 2011, 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2013 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, 3rd November, 2019 and 26<sup>th</sup> October, 2020 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.

- 10) 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.
- 11) Members are requested to intimate immediately the change in their registered address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company 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.
- 12) 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, during normal business hours, upto the date of this Annual General Meeting.
- 13) 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.
- 14) 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.
- 15) Mr. Rajesh R. Gandhi, Managing Director of the Company, shall retire by rotation and being eligible, offer himself for re-appointment.

At this Annual General Meeting, Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya are

required to be appointed as Independent Directors of the Company not liable to retire by rotation.

At this Annual General Meeting, Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi to be re-appointed as Managing Directors of the Company with payment of remuneration.

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. 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. Mr. Rajesh R. Gandhi is a Member of Stakeholders' Relationship Committee of the Company. 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.

<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>➤ 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>Audit Committee :</b> Steelcast Limited</p> <p><b>Shareholders/ Investors' Grievance Committee and/or Share Transfer Committee:</b></p> <ul style="list-style-type: none"> <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 & Legal for Construction Division. Entire Forex Division (FFMC & Consultancy Services) and Human Resource & P & A (respective) is taken care by him. He is on the Board of following other Companies. Mr. Devanshu L. Gandhi is a Member of Stakeholders' Relationship Committee of the Company. 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.

<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>➤ 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>Audit Committee :</b> Vadilal Chemicals Limited</p> <p><b>Shareholders/ Investors' Grievance Committee and/or Share Transfer Committee:</b></p> <ul style="list-style-type: none"> <li>➤ Vadilal Enterprises Limited</li> <li>➤ Vadilal Chemicals Limited</li> </ul>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

#### **Mr. Kshitish M. Shah**

Mr. Kshitish M. Shah is BS. (Text. Chemistry), BS (Textile Technology), Masters in Textile Technology N. C. State University (USA). He has worked as a Vice-President of Crystex Corporation, USA from 1971 to 1975. He is an Industrialist, manufacturing diecasting, one of the most diversified product line in diecasting industry. It is one of the largest diecasting unit in India. He is a Director of Textile Traders Co-Operative Bank Ltd. He is a Honorary Secretary of Gujarat Cancer Society, Apang Manav Mandal. He is a Trustee of Jivaraj Mehta Memorial Foundation, Saath - Suicide Prevention Centre and he is a Founder of Madanmohan Ramanlal Centre of Human Resources Development, Ahmedabad





Management Association. He is a Director in the following other Companies. He is a member of the Audit Committee of your Company. He is also a Chairman of the Nomination and Remuneration Committee of your Company. Mr. Kshitish M. Shah does not hold any shares in Vadilal Industries Limited.

**Directorship:**

- M. Ramanlal Holdings Pvt. Ltd.
- Shree Vyankateswar Engineering Pvt. Ltd.
- Textile Traders Co-op. Bank Ltd.
- 21st Century Equipments Pvt. Ltd.
- Purvish Services Pvt. Ltd.

**Mr. Rohit J. Patel**

Mr. Rohit J. Patel is a 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 a Guest Faculty at various educational Institutions. 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 Nomination and Remuneration 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.

**Directorship:**

Vadilal Chemicals Ltd.  
Gujarat Ambuja Exports Ltd.

**Member of the Board Committees:**

**Audit Committee :**

- Gujarat Ambuja Exports Ltd.
- Vadilal Chemicals Ltd

**Mr. Rajesh K. Pandya**

Mr. Rajesh Kantial Pandya is having multiple qualifications mainly Diploma in Electrical Engineering and Diploma in Industrial Safety. Presently, he is working with La Gajjar Machineries Private Limited, Ahmedabad. He is also a Competent Person for the Government of Gujarat. He is a Director in the following other Companies. He is a Member of the Audit Committee of the Directors of the Company. He is also a Member of Nomination & Remuneration Committee of the Directors of the Company. He is also a Chairman of Stakeholders' Relationship Committee of the Directors of the Company. He does not hold any shares in Vadilal Industries Limited.

**Directorship:**

1. Padm Complex Limited
2. Volute Constructions Limited
3. Vadilal Forex and Consultancy Services Limited  
(earlier known as Vadilal Happinezz Parlour Limited)
4. Vadilal Finance Company Private Limited
5. Majestic Farm House Limited
6. Vadilal Industries (USA) Inc.  
(wholly owned subsidiary company)
7. Vadilal Chemicals Limited

**Member of the Board Committees:**

**Audit Committee**

- Vadilal Chemicals Ltd.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**Item Nos. 5, 6 and 7**

Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya are Independent Directors of the Company and have held the positions as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for a term of 2 (two) consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company in the calendar year 2016.

Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya for the office of Directors of the Company.

The Company has also received declarations from Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya are independent of the management.

Brief resume of Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the notes to the notice of this meeting accompanying with this statement forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya as Independent Directors setting out the terms and conditions are available for inspection by members at the Share Department of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya are interested in the resolutions set out respectively at Item Nos. 5, 6 and 7 of the Notice with regard to their respective appointments.

The relatives of Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya may be deemed to be interested in the resolutions set out respectively at Item Nos. 5, 6 and 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 5, 6 and 7 of the Notice for approval by the shareholders.

#### **Item No. 8**

The members of the Company had, vide their resolution passed at the 29th Annual General Meeting (AGM) of the Company held on 21<sup>st</sup> September, 2013 re-appointed Mr. Rajesh R. Gandhi as Managing Director of the Company for a further period of 5 years with effect from April 1, 2014 with payment of remuneration for a period of 3 years.

The term of office of Mr. Rajesh R. Gandhi as Managing Director was upto March 31, 2019. However, the Board of Directors at its meeting held on 14<sup>th</sup> August, 2014 have, in confirmation and supersession of the said re-appointment made earlier at the 29<sup>th</sup> AGM held on 21<sup>st</sup> September, 2013 and due to implementation of new Companies Act, 2013 and Rules and Schedule V made thereunder w.e.f. 1<sup>st</sup> April 2014 re-appointed Mr. Rajesh R. Gandhi as the Managing Director of the Company designated as "Chairman & Managing Director" for a further period of 5 (five) years with effect from April 1, 2014 upto March 31, 2019, subject to the approval of the members in the General Meeting and approval of Central Government, if applicable on the terms and conditions as to the re-appointment and payment of remuneration by way of salary, perquisites, allowances and commission for the 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 terms of re-appointment and payment of remuneration have been recommended / approved by the Nomination and Remuneration Committee in the meeting held on 14<sup>th</sup> August, 2014.

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 and payment of remuneration.

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.

The main terms and conditions of re-appointment including remuneration of Mr. Rajesh R. Gandhi as the Managing Director as set out in the draft agreement, subject to the limits prescribed in Part II of Schedule V of the Companies Act, 2013, placed before the Meeting are as follows:

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 to 31<sup>st</sup> March, 2019.
3. Remuneration : 3 (three) years with effect from 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 31-3-2015	1-4-2015 to 31-3-2016	1-4-2016 to 31-3-2017
Basic	270,000	300,000	330,000
HRA (in lieu of accommodation - furnished or otherwise)	145,000	161,000	177,000
Re-imbursement of Medical Expenses (for Managing Director and his family)	2,600	3,000	3,400
Provident Fund @12% on Basic Salary	32,400	36,000	39,600
<b>Total</b>	<b>450,000</b>	<b>500,000</b>	<b>550,000</b>

### Notes:

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

### Other Perquisites and Allowances

- A) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- B) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- C) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.
- D) 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 198 of the Companies Act, 2013, subject to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder..

5. Minimum Remuneration: In the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of office of Mr. Rajesh R. Gandhi, the remuneration as above shall be paid to him as minimum remuneration subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.
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 herein above 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 V 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. For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.
10. A Statement as per requirement of Schedule V 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	Revenue from Operations (Net)	Gross Profit before Depreciation and Financial Expenses	Net Profit after Tax
2011-2012	28222.46	3881.91	625.24
2012-2013	32020.59	4490.11	597.42
2013-2014	36361.51	4202.55	142.55

**(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)
2011-2012	2995.25
2012-2013	3487.49
2013-2014	4826.66

**(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 : Chairman & Managing Director  
Age : 56 Years  
Experience : 34 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 34 years in Ice-cream business and experience of over 24 years in Processed Food business.

**(2) Past Remuneration:**

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, 2014, are as under:

Particulars	Amount (₹ in lakhs per annum)
Salary	31.68
Perquisites/ Allowances	12.40
Contribution to PF	3.80
<b>Total</b>	<b>47.88</b>

**(3) Recognition or awards:**

Vadilal has won 22 awards over 3 consecutive years : 2008 , 2009 & 2010 at 'The Great Indian



Ice Cream Contest” organized 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 the same contest held in 2013 , Vadilal won 5 awards. So the total tally of Awards won is now 27 in 4 years of contest.

Best in Class in Kids category – Joker Ice Trooper, Gold in Kids category – Joker Ice Trooper, Silver in Vanilla Frozen Dessert – Vanilla Frozen Dessert. Bronze in Vanilla Ice cream – Happinezz Vanilla Ice cream. Bronze in Premium – Pista Happinezz Ice cream garnished with Green Pista.

In 2013, we have been voted as the “Most Trusted Ice cream brand in India” as per the 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.

#### **(4) 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.

#### **(5) 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 for which he is proposed to be re-appointed as Managing Director of the Company.

#### **(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person**

The proposed remuneration to be paid to Mr. Rajesh R. Gandhi is adequate and at par with the industry scale, size and profitability of the Company.

#### **(7) 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 designated as “Chairman & Managing Director” and receiving managerial remuneration, he holds 2,27,721 Equity Shares of Rs. 10/- each of Vadilal Industries Limited in his individual capacity.

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

#### **(1) Reasons of loss or inadequate profits**

Due to competition in the Ice-cream business and increase in the prices of raw-materials, the profit of the Company during the year under review is inadequate.

#### **(2) Steps taken or proposed to be taken for improvement**

The Company is planning to increase the profitability through various initiatives in product development, marketing, distribution and trade promotions.

### (3) Expected increase in productivity and profits in measurable terms

Due to the aforesaid steps, the Company expects a significant increase in productivity and profits of the Company in next financial years.

#### IV. DISCLOSURES:

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions, etc., of all the directors;

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.

- (ii) Details of fixed component and performance linked incentives along with the performance criteria; As mentioned in Para 3 above.

- (iii) Service contracts, notice period, severance fees;

The Service Contracts, notice period, severance fees and other terms and conditions shall be as mentioned in aforesaid resolution and explanatory statement, the Agreement to be entered into with Mr. Rajesh R. Gandhi and as per the policy of the Company.

- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

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 designated as a "Chairman & Managing Director" and payment of remuneration and commission as mentioned above.

Your directors commend passing of the resolution proposed at Item No. 8.

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 as per the Companies Act, 2013.

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. 8 of the Notice is available for inspection at the Share Department of the Company on all working days except Saturdays during business hours, upto the date of Annual General Meeting.

Mr. Rajesh R. Gandhi is interested in the resolution. Save and except the above, none of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

#### Item No. 9

The members of the Company had, vide their resolution passed at the 29th Annual General Meeting (AGM) of the Company held on 21<sup>st</sup> September, 2013 re-appointed Mr. Devanshu L. Gandhi as Managing Director of the Company for a further period of 5 years with effect from April 1, 2014 with payment of remuneration for a period of 3 years.

The term of office of Mr. Devanshu L. Gandhi as Managing Director was upto March 31, 2019. However, the Board of Directors at its meeting held on 14<sup>th</sup> August, 2014 have, in confirmation and supersession of the said re-appointment made earlier at the 29<sup>th</sup> AGM held on 21<sup>st</sup> September, 2013 and due to implementation of new Companies Act, 2013 and Rules and Schedule V made thereunder w.e.f. 1<sup>st</sup> April 2014, re-appointed Mr. Devanshu L. Gandhi as the Managing Director of the Company for a further period of 5 (five) years with effect from April 1, 2014 upto March 31, 2019, subject to the approval of the members in the General Meeting and approval of Central Government, if applicable on the terms and conditions as to the re-appointment and payment of remuneration by way of salary, perquisites, allowances and commission for the 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 terms of re-appointment and payment of remuneration have been recommended / approved by the Nomination and Remuneration Committee in the meeting held on 14<sup>th</sup> August, 2014.

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 and payment of remuneration.

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.

The main terms and conditions of re-appointment including remuneration of Mr. Devanshu L. Gandhi as the Managing Director as set out in the draft agreement, subject to the limits prescribed in Part II of Schedule V of the Companies Act, 2013, placed before the Meeting are as follows:

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 to 31<sup>st</sup> March, 2019.
3. Remuneration : 3 (three) years with effect from 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 31-3-2015	1-4-2015 to 31-3-2016	1-4-2016 to 31-3-2017
Basic	270,000	300,000	330,000
HRA (in lieu of accommodation - furnished or otherwise)	145,000	161,000	177,000
Re-imbursement of Medical Expenses (for Managing Director and his family)	2,600	3,000	3,400
Provident Fund @12% on Basic Salary	32,400	36,000	39,600
<b>Total</b>	<b>450,000</b>	<b>500,000</b>	<b>550,000</b>

**Notes:**

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

**Other Perquisites and Allowances**

- A) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- B) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- C) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.
- D) 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 198 of the Companies Act, 2013, subject to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder..

5. Minimum Remuneration: In the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of office of Mr. Devanshu L. Gandhi, the remuneration as above shall be paid to him as minimum remuneration subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.
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 herein above 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 V 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 V 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 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	Revenue from Operations (Net)	Gross Profit before Depreciation and Financial Expenses	Net Profit after Tax
2011-2012	28222.46	3881.91	625.24
2012-2013	32020.59	4490.11	597.42
2013-2014	36361.51	4202.55	142.55

### (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)
2011-2012	2995.25
2012-2013	3487.49
2013-2014	4826.66

### (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 : 46 Years  
 Experience : 26 Years

Mr. Devanshu L. Gandhi is a Director and Managing Director of the Company since 1988. He has an experience of over 24 years in Ice-cream and Processed Food business.



**(2) Past Remuneration:**

The details of managerial remuneration paid to Mr. Devanshu L. Gandhi, Managing Director of the Company during the previous financial year ended on 31<sup>st</sup> March, 2014, are as under:

Particulars	Amount (₹ in lakhs per annum)
Salary :	31.68
Perquisites/ Allowances :	12.50
Contribution to PF :	3.80
<b>Total</b> :	<b>47.98</b>

**(3) Recognition or awards:**

Vadilal has won 22 awards over 3 consecutive years : 2008 , 2009 & 2010 at 'The Great Indian Ice Cream Contest' organized 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 the same contest held in 2013 , Vadilal won 5 awards. So the total tally of Awards won is now 27 in 4 years of contest.

Best in Class in Kids category – Joker Ice Trooper, Gold in Kids category – Joker Ice Trooper, Silver in Vanilla Frozen Dessert – Vanilla Frozen Dessert. Bronze in Vanilla Ice cream – Happezz Vanilla Ice cream. Bronze in Premium – Pista Happezz Ice cream garnished with Green Pista.

In 2013, we have been voted as the "Most Trusted Ice cream brand in India" as per the 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.

**(4) 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.

**(5) 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 for which he is proposed to be re-appointed as Managing Director of the Company.

**(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person**

The proposed remuneration to be paid to Mr. Devanshu L. Gandhi is adequate and at par with the industry scale, size and profitability of the Company.

**(7) 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 Vadilal Industries Limited in his individual capacity.



### III. OTHER INFORMATION :

#### (1) Reasons of loss or inadequate profits

Due to competition in the Ice-cream business and increase in the prices of raw-materials, the profit of the Company during the year under review is inadequate.

#### (2) Steps taken or proposed to be taken for improvement

The Company is planning to increase the profitability through various initiatives in product development, marketing, distribution and trade promotions.

#### (3) Expected increase in productivity and profits in measurable terms

Due to the aforesaid steps, the Company expects a significant increase in productivity and profits of the Company in next financial years.

### IV. DISCLOSURES:

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions, etc., of all the directors;

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.

- (ii) Details of fixed component and performance linked incentives along with the performance criteria; As mentioned in Para 3 above.

- (iii) Service contracts, notice period, severance fees;

The Service Contracts, notice period, severance fees and other terms and conditions shall be as mentioned in aforesaid resolution and explanatory statement, the Agreement to be entered into with Mr. Rajesh R. Gandhi and as per the policy of the Company.

- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

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.

Your directors commend passing of the resolution proposed at Item No. 9.

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. Mr. Devanshu L. Gandhi as per the Companies Act, 2013.

The draft Agreement to be entered into between the Company and Mr. Mr. Devanshu L. 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 during business hours, upto the date of Annual General Meeting.

Mr. Mr. Devanshu L. Gandhi is interested in the resolution. Save and except the above, none of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.9.

#### Item No. 10

The Members at the 29th Annual General Meeting held on 21<sup>st</sup> September, 2013 had approved the borrowing of sums not exceeding ₹ 275 crore (Rupees Two Hundred Seventy Five crore) under Section 293(1)(d) of the Companies Act, 1956.

Section 180 of the Companies Act, 2013 (the Act) (corresponding to Section 293 of the Companies Act, 1956) has been notified by Ministry of Corporate Affairs (MCA) with effect from September 12, 2013. In terms of Section 180(1)(c) which corresponds to Section 293(1)(d) of the Companies Act, 1956, borrowings by the Company (apart from loans repayable on demand or within 6 months from the date of the loan such as short-term, cash credit arrangement, discounting of bills and the issue of other short term loans of a seasonal character and other temporary loans obtained from company's bankers in the ordinary course of business), in excess of the paid-up capital of the Company and its free reserves, require the approval of the Members by way of special resolution.

The Ministry of Corporate Affairs (MCA) has vide its Circular dated March 25, 2014 clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the company will be effective for a period of one year from the date of notification of Section 180 of the Act which would be September 11, 2014.



Pursuant to the above clarification, it is proposed to seek a fresh approval of the Members under Section 180 of the Companies Act, 2013 for the borrowings by the Company upto Rs. 275 crores i.e. without further increase in borrowing limit as set out in the resolution No. 10 of the accompanying notice.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

#### **Item No. 11**

In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013 and Rules made thereunder, the approval of Members of the Company by way of a Special Resolution is required to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.

The Company proposes to ratify and confirm its present borrowing limit of Rs. 275.00 crores under Section 180(1)(C) of the Companies Act, 2013 and Rules made thereunder.

The Borrowings by a Company, in general is required to be secured by mortgage or charge or hypothecation 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).

However, the mortgage and/or charge and/or hypothecation 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' undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013 and Rules made thereunder.

The members of the Company has, at the 29<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> September, 2013, approved for creating charge/mortgage/hypothecation over the immovable and/or movable properties of the Company, both present and future, to secure the borrowing limit of the Company, if approved by the Board of Directors of the Company.

The Chairman further informed the Board that pursuant to General Circular No. 04/2014 dated 25<sup>th</sup> March, 2014 issued by Ministry of Corporate Affairs, any resolution passed under section 293(1)(a) of the Companies Act, 1956 prior to 12-9-2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Act

Hence, the Company is required to ratify and confirm to create charge/mortgage/ hypothecation etc. and pass a fresh Special Resolution of the Members of the Company under Section 180(1)(a) of the Companies Act, 2013 for creating charge/mortgage/ hypothecation over the immovable and/or movable properties of the Company, both present and future, to secure the proposed borrowing limit of Rs. 275.00 Crores of the Company.

Pursuant to the above clarification, it is proposed to seek a fresh approval of the Members under Section 180(1)(a) of the Companies Act, 2013 as set out in the resolution No. 11 of the accompanying notice.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 11.

#### **Item No. 12**

Pursuant to Section 203 of the Companies Act, 2013 and Rules made thereunder, an individual shall not be appointed or reappointed as the Chairperson of the company in pursuance of the articles of the company, as well as the Managing Director or Chief Executive Officer of the company at the same time after the date of commencement of this Act unless :

- (a) the articles of such a company provide otherwise; or
- (b) the company does not carry multiple businesses:

Provided further that nothing contained in the first proviso shall apply to such class of companies engaged in multiple businesses and which has appointed one or more Chief Executive Officers for each such business as may be notified by the Central Government.

At present, Mr. Rajesh R. Gandhi, Managing Director of the Company is a Chairman of the Board of Directors of the Company and he has been appointed as such in terms of provisions of Articles 167 of the Articles of Association of the Company.

Hence, Articles of Association of the Company is required to be altered by inserting new Article No. 167-A as under after the existing Article No. 167 of the Articles of Association of the Company to enable the Company to comply with the provisions of Section 203 of the Act and rules made thereunder :-

*167-A "A Director may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company."*

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 12 of the Notice.

The Board commends the Special Resolution set out at Item No. 12 of the Notice for approval by the shareholders.

#### **Item No. 13**

Pursuant to the provisions of Section 94 of the Companies Act, 2013 and Rule 14 of the Companies (Management and Administration) Rules, 2014, the register and index of members maintained pursuant to Section 88 and copies of annual returns prepared pursuant to Section 92 of the Act, shall be open for inspection during business hours, at such reasonable time on every working day as the board may decide, by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of such fee as may be specified in the articles of association of the company but not exceeding fifty rupees for each inspection.

For the purposes of this sub-rule, reasonable time of not less than two hours on every working day shall be considered by the company.

Further, any such member, debenture holder, security holder or beneficial owner or any other person may require a copy of any such register or entries therein or return on payment of such fee as may be specified in the articles of association of the company but not exceeding ten rupees for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.

For the aforesaid purpose, it is proposed to alter the Articles of Association of the Company by inserting a new Article No. 215-A after the existing Article No. 215 in the Articles of Association related to inspection of registers and returns and fees for obtaining copies thereof by Members in terms of provisions of Section 94 of the Companies Act, 2013 and Rule 14 of the Companies (Management and Administration) Rules, 2014.

Pursuant to Section 13 of the Companies Act, 2013, the consent of the Members of the Company by way of a Special Resolution is required for alteration in Articles of Association of the Company.

The Board commends the Special Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice.

#### **Item No. 14**

Pursuant to the provisions of Section 94 of the Companies Act, 2013 and Rules made thereunder, the Register of Members and Index of Members required to be kept and maintained by the company under Section 88 and copies of the annual return filed by the Company under Section 92 shall be kept at the registered office of the company :

Provided that such registers or copies of return may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the company and the Registrar has been given a copy of the proposed special resolution in advance.

In view of the above, it is proposed to authorize M/s MCS Limited to maintain, preserve and authenticate Register of Members and Index of Members of the Company, at its office situated at 101, Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad – 380 009 instead of maintaining the same at Registered Office of the Company.

The Board commends the Special Resolution set out at Item No. 14 of the Notice for approval by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 14 of the Notice.

#### **Item No. 15**

The Board of Directors at their meeting held on 14<sup>th</sup> August, 2014 approved and recommended the invitation and acceptance of fixed deposits from the members pursuant to Section 73 to 76 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 as one of the modes to meet the ongoing fund requirements of the Company.

In compliance with the above provisions of the Act and the Rules, the Company is required to obtain approval of its shareholders for a fresh scheme of acceptance of Unsecured Fixed Deposits from the members of the Company and as such, approval of the members by way of Special Resolution is being sought.

Therefore, the special resolution at item No. 15 to the annexed notice is recommended for your approval.

The draft of the Circular for inviting / accepting Deposits from the Members is given hereunder :



## CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS FROM MEMBERS

[Pursuant to section 73 (2)(a) and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014]

### 1. GENERAL INFORMATION :

#### a. Name, address, website and other contact details of the company :

Name : VADILAL INDUSTRIES LIMITED  
 Address : Vadilal House, Shrimali Society,  
 Nr. Navrangpura Railway Crossing,  
 Navrangpura, Ahmedabad – 380 009.  
 CIN No. : L91110GJ1982PLC005169  
 Web-site : www.vadilalgroup.com  
 Contact details: 079-26564019 – 153 exten.  
 Fax No. : 079 30153102  
 Email ID : vijayshah@vadilalgroup.com

#### b. Date of incorporation of the company : 28<sup>th</sup> April, 1982.

#### c. Business carried on by the company and its subsidiaries with the details of branches or units, if any:

The Company is engaged in the business of manufacturing and selling of Ice-cream and Processed Food products and other permitted activities provided in the Company's Memorandum and Articles of Association. The Company is also doing FFMC (Full Fledged Money Changers) activities to purchase/sell foreign currency and travelers' cheques, as licensed by Reserve Bank of India.

##### i) Registered Office :

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

##### ii) Factories (Manufacturing Units):

- a) Parsakhera Industrial Area, Bareilly (U.P.) (Ice-cream division)
- b) Village Pundhra, Taluka Mansa, Dist. Gandhinagar (Gujarat) (Ice-cream division)
- c) Dharampur, Dist. Valsad (Gujarat) (Processed Foods division)

##### iii) Subsidiary Company:

Name : Vadilal Industries (USA) Inc.  
 Address : 44 Woodbrook Drive, Edison, NJ 08820, USA.  
 Business : Marketing and Selling of Processed Food products in USA market.

#### d. Brief particulars of the management of the Company :

The Company is managed by the Managing Directors subject to the superintendence, direction and control of the Board of Directors.

#### e. Names, addresses, DIN and occupations of the directors;

Name of the Directors	Address	Occupation	DIN
Shri Rajesh R. Gandhi (Chairman and Managing Director)	"KARM", 17-A/2, Santosha Park, Behind Hira Rupa Hall, Ambli-Bopal Road, Bopal, Ahmedabad - 380 058.	Industrialist	00009879
Shri Devanshu L. Gandhi (Managing Director)	1577/33/F, Patel Block, Nr. Old Gujarat High Court Railway Crossing, P.O. Navjivan, Ahmedabad - 380014.	Industrialist	00010146
Shri Kshitish M. Shah	Ashutosh, 3, Patel Society, Gulbai Tekra, Ellisbridge, Ahmedabad - 380 006.	Business	00563191
Shri Rohit J. Patel	7, Anand Park, Naranpura, Ahmedabad - 380 013	Trainer	00012367
Shri Rajesh K. Pandya	9, Karnavati Society, Bhairavnath Road, Kankaria, Ahmedabad - 380 028.	Service	02711000

#### f. Management's perception of risk factors :

The deposits accepted by the company are unsecured and rank pari passu with other unsecured liabilities of the company.

The Company will take insurance of deposit and interest thereon for the full amount of deposit and



interest if the amount does not exceeding rupees twenty thousand, and in the case of deposit and interest in excess of rupees twenty thousand, the deposit insurance shall cover for payment upto Rupees twenty thousand in respect of each depositor as per the requirement of the Companies Act, 2013 and Rule made thereunder.

**g. Details of default, including the amount involved, duration of default and present status, in repayment:**

The Company has not made any default in repayment of deposit including interest thereon.

**2. PARTICULARS OF THE DEPOSIT SCHEME :**

- a. **Date of passing of board resolution** : 14<sup>th</sup> August, 2014
- b. **Date of passing of resolution in the general meeting authorizing the invitation of such deposits** : 25<sup>th</sup> September, 2014
- c. **Type of deposits** : Unsecured
- d. **Amount which the company can raise by way of deposits as per the Act and the rules made thereunder, and the aggregate of deposits actually held on the last day of the immediately preceding financial year and on the date of issue of the Circular or advertisement and amount of deposit proposed to be raised and amount of deposit repayable within the next twelve months :**

- Deposits shall be accepted from the Members only upto 25% of aggregate of Paid Up share Capital and Free Reserves of the Company.
- The aggregate of deposits actually held on the last date of immediately preceding Financial Year i.e. 31st March, 2014 as per Companies Act, 1956 & Rules made thereunder.

(Rs. in Lacs)

a. From Shareholders	464.32
b. From Public	1284.20
<b>TOTAL</b>	<b>1748.52</b>

- The deposits accepted upto 31st March, 2014 and interest thereon will be repaid to the depositors on the date of maturity.

**e. Terms of raising of deposits :**

- i. The Company will accept Unsecured Fixed Deposit from its Shareholders only, on the following terms and conditions :

**MONTHLY INCOME - SCHEME A**

Deposit Amount	Period	Interest (p.a.)
Minimum amount of ₹ 25,000/- and in multiples of ₹ 1,000/-	12 months	10.25%
	24 months	10.25%
	36 months	11.00%

**REGULAR INCOME - SCHEME B (INTEREST COMPOUNDED MONTHLY)**

Deposit Amount	Period	Interest (p.a.)	Interest Option	Annualized Yield* p.a.
Minimum amount of ₹ 10,000/- and in multiples of ₹ 1,000/-	12 months	10.25 % 10.25 %	Quarterly Half-Yearly	10.34 % 10.47 %
	24 months	10.25 % 10.25 % 10.25 %	Quarterly Half Yearly Yearly	10.34% 10.47% 10.75%
	36 months	11.00 % 11.00 % 11.00 %	Quarterly Half Yearly Yearly	11.10% 11.26% 11.57%

**GROWTH SCHEME - CUMULATIVE - SCHEME C (INTEREST COMPOUNDED MONTHLY)**

Deposit Amount	Period	Interest (p.a.)	Maturity Value of Deposit of ₹ 5,000/- **	Annualized Yield* (p.a.)
Minimum amount of ₹ 5,000/- and in multiples of ₹ 1,000/-	12 months	10.25%	₹ 5,537/-	10.75%
	24 months	10.25%	₹ 6,132/-	11.32%
	36 months	11.00%	₹ 6,944/-	12.96%

\* Yield is based on simple interest calculation.

\*\* If tax is deductible at source, then maturity value will change.

- i. Repayment of Deposit and Interest payment will be made by a crossed "A/C Payee" cheque payable at Ahmedabad.

- ii. No deposit shall be repaid before the expiry of six months from the date of deposit. On deposit withdrawn after a period of six months but before the date of maturity, the rate of interest payable shall be reduced by 1% from the rate which the Company would have ordinarily paid, had the deposit been accepted for the period for which such deposit has run.
- iii. Income Tax will be deducted at source on payment of interest in accordance with the provisions of the Income-tax Act, 1961, as are in force from time to time.
- iv. Acceptance/Renewals/Repayments of Fixed Deposit(s) and payment of interest will be subject to the Rules and Regulations framed from time to time by the Company.
- v. Acceptance of Deposits is subject to Ahmedabad jurisdiction.
- vi. The Company reserves the right to alter or amend or modify or vary any or all the terms and conditions regarding the deposit scheme.

**f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid:**

This Scheme is applicable on the date on which the shareholders of the Company will approve the same. The Circular issued under this scheme is valid until expiry of the six months from the date of closure of Financial Year in which it is issued or until the date on which the financial statement is laid before the company in annual general meeting or, where the annual general meeting for any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Act, whichever is earlier.

**g. Reasons or objects of raising the deposits:**

To meet the financial requirement for running the business of the Company.

**h. Credit rating obtained; Name of the Credit Rating Agencies, Rating obtained, Meaning of the rating obtained, Date on which rating was obtained.**

N.A.

**i. Extent of deposit insurance, ; Name of the Insurance Company, terms of the insurance coverage, duration of coverage, extent of coverage, procedure for claim in case of default etc.**

The Company will take insurance of deposit and interest thereon for the full amount of deposit and interest if the amount does not exceeding rupees twenty thousand, and in the case of deposit and interest in excess of rupees twenty thousand, the deposit insurance shall cover for payment upto Rupees twenty thousand in respect of each depositor as per the requirement of the Companies Act, 2013 and Rule made thereunder.

**j. Short particulars of the charge created or to be created for securing such deposits, if any:**

N.A.

**k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons:**

The Directors, Promoters and other Key Managerial Personnel of the Company does not have any financial or other material interest in the aforesaid deposits and the same terms and conditions of deposits including rate of interest will be applicable to the deposits accepted from the Directors, Promoters and Key Managerial Personnel of the Company.

**3. DETAILS OF ANY OUTSTANDING DEPOSITS :**

- a. Amount Outstanding : Rs. 1748.52 lakhs
- b. Date of acceptance : On various dates
- c. Total amount accepted : Rs. 1088.42 lakhs
- d. Rate of interest : As per Scheme
- e. Total number of depositors : 5241
- f. Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved:  
The Company has not defaulted in repayment of deposits and payment of interest thereon.
- g. Any waiver by the depositors, of interest accrued on deposits : No

#### 4. FINANCIAL POSITION OF THE COMPANY :

a&b. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement and Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid or interest paid) :

Financial Year ended	Profit/(Loss) before Tax (Rs. in Lacs)	Profit/(Loss) after Tax (Rs. in Lacs)	DIVIDEND per Equity Share (Rs.)
31st March, 2012	960.93	625.24	Re. 1.50/- (15%)
31st March, 2013	909.98	597.42	Re. 1.50/- (15%)
31st March, 2014	397.66	142.55	Re. 1.00/- (10%)

c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement:

(Rs. in Lacs)

Equity and Liabilities	As at			Assets	As at		
	31-3-2014	31-3-2013	31-3-2012		31-3-2014	31-3-2013	31-3-2012
Share Capital	718.78	718.78	718.78	Fixed Assets-Tangible Assets	22362.14	20616.85	19518.00
Reserves and Surplus	10771.96	10791.67	10370.72	Intangible Assets	335.50	0.00	0.00
Deferred Govt. Grant	19.19	22.38	25.58	Capital work-in-progress	418.09	1496.78	828.33
Long term borrowings	8199.65	7560.96	8272.86	Intangible Assets under Development	0.00	134.07	0.00
Deferred Tax liabilities (Net)	1419.59	1290.61	1094.41	Total Fixed Assets	23115.73	22247.70	20346.33
Long term provisions	98.06	53.97	34.19	Non-current assets	146.23	156.61	156.61
Short term borrowings	6064.59	7369.70	5119.32	Long term loans and advances	1750.47	1866.00	1179.12
Trade payables	5884.81	3945.31	4487.99	Other non-current assets	67.62	70.68	60.04
Other current liabilities	4314.25	3431.24	2617.18	Current Investments	1.15	1.07	1.48
Short term provisions	287.52	248.73	268.97	Inventories	9967.89	8672.54	6705.18
				Trade receivables	1651.31	1537.42	3340.85
				Cash and Bank Balance	298.05	112.72	185.94
				Short term loans and advances	563.37	507.20	707.36
				Other current assets	216.58	261.41	327.09
<b>Total</b>	<b>37778.40</b>	<b>35433.35</b>	<b>33010.00</b>	<b>Total</b>	<b>37778.40</b>	<b>35433.35</b>	<b>33010.00</b>

d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement :

(Rs. in lakhs)

	For the year ended on 31.03.2014	For the year ended on 31.03.2013	For the year ended on 31.03.2012
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax and Exceptional Items from continuing operations	397.66	909.98	960.93
Non-cash adjustments to reconcile profit before tax to net cash flows :			
Depreciation and amortisation expense	1362.12	1152.03	952.39
Withdrawn From Revaluation Reserve /	(81.36)	(53.53)	(20.73)
Deferred Government Grant			
Loss / (Profit) on sale of Assets	(20.86)	(6.16)	(12.14)
Loss / (Profit) on sales of Investments	0.00	(1.73)	0.00
Loss / (Profit) on Partnership Firms (Net)	17.30	(19.14)	(13.74)
Provision for bad debts	3.18	0.00	
Provision for Doubtful Advances	31.63	4.49	
Upfront Interest on restructuring of Loan	11.65	10.27	10.86
Diminution in value of Current Investments	(0.08)	0.41	0.28
Excess Provision written back	(46.11)	(48.82)	(11.08)
Dividend	(0.13)	(0.24)	(0.24)
Interest expenses	2524.13	2481.63	1989.32
Interest Income	(43.78)	(439.67)	(197.96)
<b>Operating Profit before working capital changes</b>	<b>4155.35</b>	<b>3989.52</b>	<b>3657.89</b>
<b>Movements in working capital :</b>			
Increase / (decrease) in trade payables	1939.49	(542.68)	2728.75
Increase / (decrease) in long term provisions	44.09	19.79	22.27
Increase / (decrease) in short term provisions	8.75	13.97	(8.37)
Increase / (decrease) in other current liabilities	915.55	779.03	674.10
Decrease / (increase) in trade receivable	(117.07)	1803.43	(953.25)
Decrease / (increase) in inventories	(1295.35)	(1967.36)	(1116.32)
Decrease / (increase) in long term loans and advances	213.49	(574.47)	737.34
Decrease / (increase) in short term loans and advances	(87.79)	79.16	(260.54)
Decrease / (increase) in other current assets	(27.55)	63.54	(50.90)
<b>Cash Generated from / (used in) Operations</b>	<b>5748.96</b>	<b>3663.93</b>	<b>5430.97</b>
Direct taxes paid (net of refunds)	(34.26)	(244.69)	(154.85)
Cash flow before extraordinary items	5714.70	3419.24	5276.12
Net Prior Year Expenses	0.00	0.00	0.00
<b>Net Cash from / (used in) Operating Activities</b>	<b>5714.70</b>	<b>3419.24</b>	<b>5276.12</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans given (Net)	0.00	42.95	(27.63)
Purchase of fixed assets	(2173.13)	(3002.37)	(3464.14)
Sale of fixed assets	20.87	14.16	12.36
Purchase of Current Investments	(124.73)	(49.59)	(0.22)
Proceeds from Sale / maturity of Investments	0.00	48.27	0.00
Investment in bank deposits (having original maturity of more than three months (Net)	(99.22)	75.44	(148.23)
Redemption/Maturity of bank deposits	-	-	36.81
Interest received	120.44	512.41	221.12
Dividend received	0.13	0.24	0.24
<b>Net Cash flow from / (used in) Investing Activities</b>	<b>(2255.64)</b>	<b>(2358.49)</b>	<b>(3369.69)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term borrowings	2568.93	3513.48	1976.12
Repayment of Long Term Borrowings	(1930.25)	(4300.06)	0.00
Proceeds from Short Term borrowings	2494.94	8062.67	(1744.37)
Repayment of Short Term Borrowings	(3800.05)	(5667.63)	0.00
Interest paid	(2574.97)	(2525.70)	(2048.12)



(Rs. in lakhs)

	For the year ended on 31.03.2014	For the year ended on 31.03.2013	For the year ended on 31.03.2012
Dividends paid on equity shares	(104.66)	(105.83)	(105.00)
Tax on equity dividend paid	(18.32)	(17.49)	(17.49)
<b>Net Cash used in Financing Activities</b>	<b>(3364.38)</b>	<b>(1040.56)</b>	<b>(1938.86)</b>
Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)	94.68	20.19	(32.43)
Op. Balance of Cash and Cash Equivalents (Includes unrealized exchange difference)	97.75	77.56	101.26
Cl. Balance of Cash and Cash Equivalents (Includes unrealized exchange difference)	192.43	97.75	68.83
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Cash and Cheques on hand	44.28	23.10	21.27
Balance With Banks			
On Current Accounts	45.82	38.65	41.10
On Unpaid Dividend Accounts *	19.72	16.56	0.00
On Fixed / Margin Money Deposit Accounts	82.61	19.44	6.46
	<b>192.43</b>	<b>97.75</b>	<b>68.83</b>

- e. **Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.**

There is no change in accounting policies of the Company during the last three years.

#### 5. A DECLARATION BY THE DIRECTORS THAT-

- the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest there on;
- the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
- the company has complied with the provisions of the Act and the rules made thereunder;
- the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- the deposits accepted by the company before the commencement of the Act have been repaid or will be repaid along with interest on due dates and until they are repaid, they shall be treated as unsecured and ranking pari passu with other unsecured liabilities.
- In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement;
- the deposits accepted by the company (other than the secured deposits, if any, aggregate amount of which to be indicated) are unsecured and rank pari passu with other unsecured liabilities of the company.

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested in the said resolution, except to the extent of any fixed deposits that may be placed with the Company by them, their relatives or by the Companies/Institutions in which they are Directors.

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

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

#### Registered Office :

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

CIN : L91110GJ1982PLC005169

Email : sharelogs@vadilalgroup.com

Website : www.vadilalgroup.com

Phone : 079 30153189

Dated : 14<sup>th</sup> August, 2014.



## DIRECTORS' REPORT

To,  
The Members,  
VADILAL INDUSTRIES LIMITED  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 30<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2014.

### REVENUE FROM OPERATIONS

The Company has earned the Revenue from Operations (Net) of ₹ 36361.51 lacs and Other Income of ₹ 156.40 Lacs during the year ended on 31<sup>st</sup> March, 2014 as against ₹ 32113.54 Lacs and ₹ 720.78 lacs respectively earned during the previous year ended on 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS:

(₹ in lacs)		
Particulars	Year ended 31-3-2014	Previous year ended 31-3-2013
(a) Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	4202.55	4490.11
(b) Finance Cost	2524.13	2481.63
(c) Depreciation and amortization expenses	1362.12	1152.03
Less : Recoupment from Revaluation Reserve / Deferred Government Grant	<u>81.36</u> <u>1280.76</u>	<u>53.53</u> <u>1098.50</u>
(d) Profit before Exceptional and Extraordinary Items and Tax	397.66	909.98
(e) Exceptional Items Provision for diminution in the value of Long Term Investments	<u>135.05</u>	<u>0.00</u>
(f) Profit before Extraordinary Items and Tax	262.61	909.98
(g) Extraordinary Items	<u>0.00</u>	<u>0.00</u>
(h) Profit before Tax	262.61	909.98
(i) Tax Expenses		
(a) Current (MAT Tax)	94.09	178.06
Less : MAT Credit entitlement	<u>(89.94)</u> 4.15	<u>(99.98)</u> 78.08
(b) Deferred Tax charge / (release)	128.98	196.20
(c) Short/(Excess) Provision of Tax / Deferred Tax of earlier years (Net)	<u>(13.07)</u> <u>120.06</u>	<u>38.28</u> <u>312.56</u>
(j) Profit for the year	<u>142.55</u>	<u>597.42</u>
(k) <b>Surplus in the Statement of Profit and Loss:</b>		
Balance as per last Financial Statements	494.79	323.51
Profit for the year	142.55	597.42
Less : Appropriations:		
(a) Proposed final equity dividend (amount per share ₹ 1.00/- P. Y. amount per share ₹ 1.50/-)	71.88	107.82
(b) Tax on proposed equity dividend	12.21	18.32
(c) Transferred to General Reserve	<u>100.00</u>	<u>300.00</u>
Total Appropriations	<u>184.09</u>	<u>426.14</u>
Net Surplus in the Statement of Profit and Loss	<u>453.25</u>	<u>494.79</u>

### DIVIDEND :

The Directors have recommended dividend of ₹ 1.00 per share (@10.00%) on 71,87,830 Equity Shares of ₹ 10/- each of the Company for the Financial Year ended on 31<sup>st</sup> March, 2014, as compared to Dividend of ₹ 1.50 per share (@15.00%) declared for the previous Financial Year ended on 31<sup>st</sup> March, 2013. This will absorb ₹ 71.88 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 ₹ 12.22 lacs as against ₹ 18.32 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 & 2010 at 'The Great Indian Ice Cream Contest' organized 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 the same contest held in 2013 , Vadilal won 5 awards. So the total tally of Awards won is now 27 in 4 years of contest.

Best in Class in Kids category – Joker Ice Trooper, Gold in Kids category – Joker Ice Trooper, Silver in Vanilla Frozen Dessert – Vanilla Frozen Dessert. Bronze in Vanilla Ice cream – Happeez Vanilla Ice cream. Bronze in Premium – Pista Happeez Ice cream garnished with Green Pista.

In 2013, we have been voted as the "Most Trusted Ice cream brand in India" as per the 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 financing the expansion-cum-modernization of its existing manufacturing units as well as for working capital margin. 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 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. Further CRISIL has reviewed the External Rating of the Company i.e. BBB (Negative).

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 ₹ 46000/- and unclaimed interest on fixed deposit of ₹ 34716/- upto 31-3-2007, 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 ₹ 22.14 lacs as on 31st March, 2014. The Company has mobilised Fixed Deposit of ₹ 1088.42 lacs during the year ended on 31st March, 2014, 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, 2014 stood at ₹ 1748.52 lacs.

### SUBSIDIARY COMPANY:

The Company has incorporated a wholly-owned subsidiary company namely Vadilal Industries (USA) Inc., USA. 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 31-3-2014, 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 31-3-2014, 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 31-3-2014, 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, during usual working hours, 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 Associate Company, for the year ended on 31<sup>st</sup> March, 2014 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 Clause 49 regarding Corporate Governance. A separate report on Corporate Governance for the year ended on 31st March, 2014 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 Clause-49 of Listing Agreement is obtained by the Company and annexed to the Corporate Governance Report.

#### **DIRECTORS' 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, 2014 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 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 – 2014-2015.

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

During the financial year under review, no employees of the Company including Managing Directors were in receipt of remuneration of Rs. 5,00,000/- per month or more or in aggregate 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:**

During the period of this report, Mr. C.M. Maniar ceased to be the Director of the Company with effect from 29<sup>th</sup> June, 2014 due to his sad demise. He was an Independent Director of the Company. Mr. C.M. Maniar was one of the senior members on the Board of the Company. He was also a member of the Remuneration Committee



of the Directors of the Company. The Directors placed on record the valuable services and guidance provided by Mr. C. M. Maniar during his tenure as a Director of the Company and also as a member of the Remuneration Committee of the Directors of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and Rules made thereunder, Mr. Rajesh R. Gandhi, Managing Director of the Company, shall retire by rotation at this Annual General Meeting and being eligible, offer himself for re-appointment. The retiring by rotation of Mr. Rajesh R. Gandhi, as aforesaid and his re-appointment shall not be termed as discontinuation in his office as Managing Director of the Company. The Members are requested to consider his re-appointment as Director of the Company, for which necessary resolution has been incorporated in the notice of the meeting.

Pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and Rules made thereunder and revised Clause -49 of the Listing Agreement with Stock Exchanges, the Company proposes to appoint Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya, as Directors of the Company designated as Independent Directors, not liable to retire by rotation. The Company has received requisite notices in writing from Members proposing their candidature for appointment as Independent Directors of the Company. The aforesaid Independent Directors, if appointed, shall hold office for a term of 2 (two) consecutive years upto the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2016.

Due to implementation of new Companies Act, 2013 w.e.f. 1<sup>st</sup> April, 2014, the Company is required to pass a fresh Special Resolution of the shareholders of the Company in confirmation and supersession of the earlier Resolutions passed, under the provisions of Section 196 and Schedule – V of the Companies Act, 2013 (New Act) and Rules made thereunder, for re-appointment of Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, as Managing Directors of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 and payment of remuneration for a period of 3 years w.e.f. 1<sup>st</sup> April, 2014, without approval of the Central Government.

The brief resume/details relating to the said Directors, who are to be re-appointed/appointed are furnished in the Notes to the Notice of the Annual General Meeting.

#### **AUDITORS:**

Section 139(2) of the Companies Act, 2013 (effective 1<sup>st</sup> April, 2014), mandates that a listed company or such other prescribed classes of companies shall not appoint or re-appoint an audit firm as Statutory Auditors for more than two terms of five consecutive years each.

Further, the companies as aforesaid, whose Statutory Auditors has held office for a period of ten years or more are required to comply with these provisions, within three years from the date of commencement of these provisions i.e. 1<sup>st</sup> April, 2014. For this purpose, the term of the audit firm before the commencement of these provisions shall be taken into account for calculating the period of ten consecutive years.

Our auditors, M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad are holding the office as Statutory Auditors for more than ten years. Hence, they can only be re-appointed for a period up to three years i.e. up to FY 2016-2017.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad as Statutory Auditors of the Company to hold office from the conclusion of this 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 139 of the Companies Act, 2013 to the effect that their appointment, if made, would be within the prescribed limits under Section 139 of the Act and they are not disqualified under the Act. The Members are requested to consider their appointment as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

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

The following clarification has been made by the Directors in respect of the observation as Emphasis of Matter made by the Auditors in CARO report for the year ended on 31<sup>st</sup> March, 2014 :-

1. Regarding observation on Note 27.3 (a), the Board clarifies that for the year 2013-14, 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 Rs.80 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 given advances to overseas subsidiary company for Rs.196.93 Lacs by way of loans 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 considers that the exposure will be fully realisable.
3. Regarding observation on Note 27.14, the Board clarifies that on the basis of the projection for future profit, the company project, to pay normal income tax within the specified period. Based on this assumption, the company has taken MAT Credit of Rs. 89.94 lacs (P.Y. Rs. 99.98 lacs) and deducted



from tax provision made during the year and shown as MAT credit entitlement of total amounting to Rs. 493.35 lacs as on 31-3-14 (P.Y. Rs. 403.41 lacs).

#### **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, 2014.

Place : Ahmedabad

**RAJESH R. GANDHI**  
CHAIRMAN & 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**

Milk and milk based products are a part of staple diet in India. Indian Ice cream market is estimated to be around Rs. 4000 crores out of which over 40 percent belongs to the organized sector, growing at 20% YoY. There are about big and medium, 7000 ice cream companies in India and innumerable small and seasonal companies doing business. India is also one of the fastest growing countries in ice-cream production and consumption.

An ice cream treat perks up a mundane day also. In fact, Vadilal range of ice cream and frozen dessert products have been bringing delight and happiness to the consumers' life since over 80 years.

Increasing urbanization, rising disposable incomes 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 fueling the Ice cream segment.

The industry structure as well as the improving infrastructure offers opportunities for organized players to invest and grow. Vadilal Ice-cream division has shown a sustainable annual growth consistently. With the widest range of flavors and SKUs, the Company has managed to bring something new every day to the dessert plate.

The Company works to deliver the best tasting products and continuously improve ice cream range for nutritional profile and benefits. Since the inception, the Company has been committed towards delivering the best quality products at affordable prices conveniently within reach of the consumers.

##### **Developments**

Keeping with the tradition of regular growth through innovative product launches, the Company launched Badabite, Flingo and Gourmet which created a considerable furore in the Indian Ice-cream Market in 2011. As Badabite, Flingo and Gourmet continue with the high trajectory growth in 2013 as well with new variants, the Company was again confronted with huge challenge of sustaining the innovation trends.

As the Company updated the production and research technology, it became more feasible for to offer premium and innovative products in the market. 2012 saw the launch of another pioneer range of products targeted at Kids under the brand name of Ice Trooper.

Vadilal have always endeavored to delight consumers through new launches. In fact, the Company is proud to the fact that there are many products which have been introduced in Indian market and they went to become regular must have products for all ice cream manufacturers.

Further, with the entry of international 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, ice cream cakes etc. under the brand name Artisan and made them easily available to the consumer.

New mega brands, installation of latest state-of-the-art machines and significant expansion in production facilities, aggressive marketing and expansion of retailing have combined to make the Company an even stronger force to reckon with in the domestic ice-cream market. In fact Vadilal has

industry's widest distribution network which enables delivery of Vadilal ice-creams in semi urban and rural areas also.

The Company has mammoth production facilities which can churn out 6 lakhs cones, 10 lakh candies and more than 8 lakhs of ice-cream cups every day. It is the first and the only ice cream producer in India to have machines with such a huge capacity. Vadilal is the largest player in Cones, Cups and Candies categories. One of the factory located at Pundhra has been certified by Export Council for India : thus enabling export of Vadilal ice-creams across USA and other developed nations also.

Every season inspires the Company to delight consumers through a new product/flavour. The Company is making steady progress in launching new products in the "premium" segment as well. Company has launched Sorbet Ice candies in flavours like Kiwi, Cranberry for the first time in India. This range of exotic fruit based ice candies has been launched under the brand name of Falala. Apart from Kiwi, Cranberry, there are other flavours like Tropical Mixed Fruit and Alphonso Mango (called as Aam Chaska). Aam Chaska : offering the taste of real alphonso mango in sorbet form has been appreciated highly by the customers. Artisan range of premium ice cream pastries, logs and cakes have also generated very commendable response from the market.

The Company also forayed into high end artisanal gelatice ice cream outlet under the name of MELT IN. Through the Melt In launch, Vadilal has again proven its leadership in launching international ice cream experiences in India.

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 & 2010 at 'The Great Indian Ice Cream Contest' organized 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 the same contest held in 2013 , Vadilal won 5 awards. So the total tally of Awards won is now 27 in 4 years of contest.

Best in Class in Kids category – Joker Ice Trooper, Gold in Kids category – Joker Ice Trooper, Silver in Vanilla Frozen Dessert – Vanilla Frozen Dessert. Bronze in Vanilla Ice cream – Happeez Vanilla Ice cream. Bronze in Premium – Pista Happeez Ice cream garnished with Green Pista.

In 2013, we have been voted as the "Most Trusted Ice cream brand in India" as per the 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 aggressively 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 and is available in flavors like "Kesar", "Elaichi", "Coffee" and "Rose". R&D is going on for development of other flavors also.

## b) Processed Food Division

### i. Overview:

In today's times the consumer is looking at products that, apart from addressing their requirements, are also have a convenience value. How convenient is it to use a particular product, affects the buying decision. This thought is valid for products across categories, including food. This is one of the reasons behind growing popularity of 'Ready to eat' food products.

Frozen food fits nicely on the parameters of being convenient and quick to consume. However, it still faces the challenges in terms of consumers' perceptions and apprehensions about its fitness to be consumed. A larger segment of consumer are still not aware that frozen food is really free of any preservatives and the secret of its longer shelf life lies in the temperature that it is stored in.

Despite of this, the consumers are gradually showing an acceptance towards frozen foods. Increasing exposure to various information sources, cross-culture dynamics in the urban localities and increasing foot-hold of social media is acting as a catalyst to spreading the right knowledge. Additionally, the increasing number of women in the workforce, changes in consumer purchasing patterns, busy lifestyles and the availability of a wide range of frozen products in different categories are the factors leading to the growth of the frozen food market.



## ii. **Global Market View:**

According to a study, globally the frozen food is expected to reach sales of \$186 billion by 2015. 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 reach sales of \$186 billion by 2015 at an estimated CAGR of 3.9%. U.S.A. is expected to witness a moderate CAGR of 4% from 2010 to 2015 while 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.

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.

While there has been an increase in consumption of frozen foods in developed countries, now more and more consumers' from developing countries are showing acceptance towards frozen foods as it provides a lot of convenience and ease.

The 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.

### **Growth opportunities:**

Arguably, the frozen food industry has a lot of latent scope of growth. If the challenges like infrastructure, improving industry structure, organizing the business are met and faced successfully, the industry is bound to grow leap and bounds.

In Indian context, the frozen food has got a remarkable presence in the modern trade retail formats; however there has been a big segment of the business served by traditional trade retail and grocery stores still remains untapped. If the bottle necks like freezer space and availability of proper infrastructure at mid-sized general trade stores have been solved, the growth of frozen food category can be exponential.

## c) **Forex Division**

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

The Division is RBI approved Authorized Dealer Category II and carries out Money Changing and current account related transactions [other than trade related]. The Division 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 division takes care of issuance of Demand Drafts, transfer of money abroad through Swifts, Telegraphic Transfer, etc.

## 2) **FUTURE STRATEGY**

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

Today, Vadilal is at a juncture wherein, going forward, Vadilal is confident of becoming the largest Ice-cream brand in the country. The Company wants to continue with the expansion of retail penetration. The Company plans to foray into other dairy based value additions simultaneously. Overall, the Company wants to focus on strengthening the brand across the nation and making it the Numero Uno brand.

The Company aims to increase the per capita consumption of Ice-creams in India through various initiatives in product development, marketing, distribution and trade promotions.

As the Indian market place evolves, Vadilal too plans to enhance Ice-cream experience through parlour chain of Vadilal Hangouts and Vadilal Scoop Shops. Vadilal would increase the customistaion level and also foray into the Online Market space. Further, the Company would consolidate brand positioning in the "premium" and "super premium" segment. The Company plans to increase share in the "Premium" icecream segment to 30% in the coming year.

The core strategy in future will also be based on ways to increase consumers delight through a range of product offers with world class quality. The Company also believes in sustainable development and in future also, the Company will constantly try to reduce its carbon footprints.



## b) Processed Food Division

Vadilal Quick Treat brand is moving in a very organized manner with initial focused objective of increasing the awareness and distribution in the domestic market. The opening of newer markets is a simultaneous process, while increasing the awareness and consumption in the existing market is the priority. In India, frozen food market is still at the nascent stage. Consumers are still apprehensive about consuming frozen food. They have health, usage of preservative, and storage related perceptions that act as hurdles to the growth of the category.

However, the brand 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 year, it has started distribution in Delhi, Uttar Pradesh and Madhya Pradesh. This is in addition to increased penetration in Maharashtra. The next phase includes Punjab and few places in south India. With the increased awareness about frozen food the brand aspire to be present at every nook and corner of the county.

For the exports market, a deeper penetration is a key to growth. While the ethnic markets abroad are the prime target audiences, the main stream market may also have a considerable growth potential.

Vadilal Quick Treat intends to become the most preferred brand when it comes to frozen food and the marketing strategies will be formed keeping consumers at the center.

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.

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'.

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

Inspite of tough competition in Ice-cream business, your Company has earned revenue from operations (gross) of Rs. 37170.32 lacs during the year ended on 31st March, 2014 as against Rs. 32858.85 lacs earned during the previous year ended on 31st March, 2013.

The Company has earned the Profit before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 4202.55 lacs during the year ended on 31st March, 2014 as compared to Rs. 4490.11 lacs earned during the previous year ended on 31st March, 2013.

The Company has earned Profit before Tax of Rs. 397.66 lacs during the year under review as compared to Rs. 909.98 lacs earned during the previous year ended on 31st March, 2013. The Company has earned Profit of Rs. 142.55 lacs for the year ended on 31st March, 2014 after providing Finance Cost and Depreciation and Amortisation expenses and after making Provision for Current Tax of Rs. 4.15 lacs after considering MAT Credit Entitlement, Deferred Tax Charge of Rs. 128.98 lacs and other adjustments, as compared to Profit of Rs.597.42 lacs earned by the Company during the previous year ended on 31st March, 2013.

## 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, 2014

(₹ in lacs)

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

Ice-cream	29401.65
Processed Foods	7391.58
Others	159.43
Total:	36952.66
Less : Inter-segment revenue	(109.44)
<b>Net Sales/Income from Operations</b>	<b>36843.22</b>



**Segment revenue, results and capital employed  
for the year ended 31st March, 2014**

(₹ in lacs)

**Segment Results (PBIT)**

Ice-cream	3102.44
Processed Foods	1.13
Others	(19.92)
Total:	3083.65

Less : Interest expenses (Net) & prior year adjustment	2524.65	
Other unallocable expenditure	205.25	2729.90

**Total Profits (PBT)** **353.75**

**Capital employed in segments**

(Segment assets less liabilities) - as at 31<sup>st</sup> March, 2014

Ice-cream	19663.58
Processed Foods	8519.67
Others	177.53

Total Capital employed in segments 28360.78

Add :Unallocable corporate assets less corporate liabilities (16956.95)

**Total Capital Employed** **11403.83**

**5) RISK AND CONCERN**

**a) Ice-cream Division**

The poor infrastructure is a major concern amongst the ice cream industry. Due to erratic power supply in many places, the retailers are hesitant of keeping ice creams. However, over the past years, the cold chain infrastructure has improved and we are hopeful of a better situation in future.

**b) Processed Food Division**

The major concerns for the frozen food industry has been the same for over so many years, inadequate infrastructure, poor agricultural input management and semi-organized supply chain management have been the major bottle necks. Additionally increasing fuel puts an extra burden on the overall operational costs. The special requirement for transportation makes it even difficult to keep the costs low.

The frequent fluctuation of foreign currency, especially US Dollar with respect to Indian Rupee keeps the companies on worried every time.

Another major concern is the growing numbers of unorganized players from Indian and countries like China. These players are always focused on short term gains are only concerned about momentary sales. Hence, they disturb the market by offering rates that are below par as compared to market trends. This makes it difficult for the organized players to remain competitive in terms of rates despite of having far superior quality products.

**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 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, 2014]

### 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 completed installation of fully automatic Ice-cream Mix Processing Plant with Scada system at its Pundhra Factory, to achieve Quality standards as per Export norms.
- The Company has also installed Scada system in its Refrigeration Plant and Freezing Section in all flavor tanks at its Pundhra Factory.
- During the year under review, the Company has started making many products in extrusion line, which were previously made from manual process.
- During the year under review, the Company has started making Conical Kulfi in automatic kulfi machine at its Pundhra Factory.
- During the year under review, the Company has installed huge anaerobic plant for treatment of its effluent water at its Pundhra Factory. The Company is getting methane gas from this plant. The Company is using this gas in its canteen, workers’ colony, cake oven and chikki making.
- During the year under review, the Company has installed new cold storage having capacity of 300000 CFT at its Pundhra Factory. Due to this cold storage, the Company has reduced one shift operations of its dispatches.
- During the year under review, the Company has also started making paneer at its Pundhra Factory.
- During the year under review, the Company has installed briquettes/ wood fired boiler in replacement of fossil fuel (Furnace Oil) at its Pundhra Factory. This will save fuel cost of the Company.
- During the year under review, the Company has installed new cup filling machine having capacity of 12000pcs/hour.
- 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 :

- During the year under review, the Company has installed new IQF at its Processed Food Division at Dharampur, to improve product quality and energy efficiency.
- During the year under review, the Company has installed a new dewatering cum grading vibrator before New IQF at Dharampur Factory to improve product quality and energy efficiency.
- The Company has installed Water blencher, cooler & chiller at Dharampur Factory to improve product quality and energy efficiency
- During the year under review, the Company has done the following works at the Dharampur Factory to improve the energy efficiency and avoid ice formation in cold store :-
  - a) Cooling coils modification done in 3 cold store
  - b) Anti room was created in one cold store
  - c) Window fitted at two cold store for material movement
- The Steam distribution system was rearranged at the Dharampur Factory to minimize the energy losses and improve the steam utilization.
- The Company has installed 1000KVA DG set at Dharampur Factory to avoid the product wastage.

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

##### **Ice-cream Division :**

- The Company is planning to install new continuous tunnel at its Pundhra factory.
- The Company is planning to install new material handling equipments at its Pundhra Factory.
- The Company is planning to install bio gas generator at its Pundhra Factory to utilize excess methane gas generated from its anaerobic plant.
- The Company is planning to install VFD drives on air compressor & Boiler plant at its Bareilly Factory for power saving purpose.
- The Company has switched over 11kv to 33 kv at Bareilly Factory for power saving purpose & smooth operation.

##### **Processed Food Division:**

- The Company is planning to install Anti-rooms for all cold stores to avoid ice formation and energy saving.

- To recycle all cold store's defrost water and use in cooling tower is proposed hence energy and water saving.
- New dry go down is proposed to be installed to store pulp can in order to improve product quality.
- Improvement and renovation of ETP is proposed to recycle the water for gardening.
- Automatic voltage regulator (AVR) is proposed to be installed for maintaining voltage hence energy saving.
- High pressure ammonia system to be improved to reduce discharge pressure of compressor hence energy saving.

**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 are as in which R & D carried out by the Company :**

- Installed new automatic ice-cream cake making machine.
- Started using liquid nitrogen for double layer BADA BITE candy.
- Started making all candy products in automatic line including chopati and kulfi.
- Installed GPS vehicle tracking system and grading system for temperature monitoring

**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 : ₹ 20.37 lacs.**

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

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

- The Company has installed new automatic ice-cream cake making machine at its Pundhra Factory.
- The Company has started using liquid nitrogen for double layer BADA BITE candy at its Pundhra Factory.
- The Company has started making all candy products in automatic line including chopati and kulfi at its Pundhra Factory.
- The Company has installed GPS vehicle tracking system and grading system for temperature monitoring

**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 ₹ 3487.49 lacs for the previous year ended on 31st March, 2013, the Company has earned Foreign Exchange of ₹ 4826.66 lacs for Export of Goods on FOB value for the year ended on 31st March, 2014.

As against Foreign Exchange Outgo of ₹ 1160.88 lacs for the previous year, the Outgo during the year under review was ₹ 1036.17 lacs.

# ANNEXURE - FORM A

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

PARTICULARS	ICE-CREAM DIVISION		PROCESSED FOOD DIVISION	
	Year Ended On 31-03-2013	Year Ended On 31-03-2014	Year Ended On 31-03-2013	Year Ended On 31-03-2014
<b>(A) Power and Fuel Consumption :-</b>				
1) Electricity				
a) Purchased -				
Units KWH	23903080	25643948	5267365	5336192
Total Amount (Rs.)	161791463.00	196591114	36598699.00	40252492.00
Rate/Unit (Rs.)	6.77	7.67	6.95	7.54
b) Own Generation -				
Through Diesel Generator				
Units KWH	839094.00	866182.00	18934.00	20901
Units per liters of diesel	3.12	3.21	2.98	2.46
Cost per unit (Liters) (Rs.)	13.05	17.17	18.87	23.59
	40.72	55.10	56.23	58.00
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)	366987.00	162777.61	4100.00	8620
Total Amount (Rs.)	18203774.00	7974831.98	208854.00	388546.00
Average rate (Rs.)	49.60	48.99	50.94	45.07
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)	2342205.00	22970.00	765300.00	638342
Total Amount (Rs.)	9795812.00	120592.50	2640285.00	2109002.00
Average rate (Rs.)	4.18	5.25	3.45	3.30
d) Briquettes for Boiler				
Qty. (Kg./ K. Liters)	0.00	2895585.00	256235.00	386264
Total Amount (Rs.)	0.00	13803503.91	1365732.50	2421002.00
Average rate (Rs.)	0.00	4.77	5.33	6.27
4) Other/internal generation				
Qty.	NIL	NIL	NIL	NIL
Total Cost	0.00	0.00	0.00	0.00
Rate/unit	NIL	NIL	NIL	NIL
<b>(B) Consumption per unit of production :</b>	Year Ended	Year Ended	Year Ended	Year Ended
	On 31-03-2013	On 31-03-2014	On 31-03-2013	On 31-03-2014
<b>Units of Measurement</b>				
Ice-cream and PFD				
Electricity	0.613	0.625	0.752	0.734
Diesel for steam generation	0.000	0.000	0.002	0.000
Furnace Oil, Wood, and Briquettes;	0.069	0.068	0.146	0.142

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

Report on Corporate Governance for the year ended on 31st March, 2014

### 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 31-03-2014 consists the following 6 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.	Executive Directors	1 Mr. Rajesh R. Gandhi, Chairman & Managing Director # 2 Mr. Devanshu L. Gandhi, Managing Director
B.	Independent Directors	3 Mr. C. M. Maniar @ 4 Mr. Kshitish M. Shah 5 Mr. Rohit J. Patel 6 Mr. Rajesh K. Pandya

# Appointed as a Chairman of the Board of Directors and designated as Chairman & Managing Director w.e.f. 14<sup>th</sup> September, 2013.

@ Ceased to be a Director of the Company w.e.f. 29<sup>th</sup> June, 2014 due to sad demise.

During the year under review, Mr. Virendra R. Gandhi ceased to be a Director of the Company w.e.f. 21<sup>st</sup> September, 2013 and consequently, ceased to be a Vice-chairman & Managing Director of the Company. Mr. Virendra R. Gandhi was Executive Director of the Company.

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

The Board met 6 times during the year under review on 30-05-2013, 14-08-2013, 14-09-2013, 11-11-2013, 21-01-2014 and 14-02-2014. The gap between two Board Meetings did not exceed 4 months.

The aforesaid Board Meetings were held at the Registered Office of the Company.

##### (iii) Attendance of each Director at the Board Meetings (9 Board Meetings) held during the year from 01-04-2013 to 31-03-2014, last Annual General Meeting (AGM) and number of Directorship and Chairmanship / Membership of Committee of each Director in various Companies as on 31-03-2014:

Name of Director	Attendance Particulars		No. of Directorships and Committee Membership/ Chairmanship (including Vadilal Industries Limited)		
	Board Meetings	Last	Directorship*	Committee	Committee
	(6 Board Meetings)	AGM		Membership **	Chairmanship **
Virendra R. Gandhi #	3 #	Yes	2	2	Nil
Rajesh R. Gandhi	6	Yes	5	4	Nil
Devanshu L. Gandhi	6	Yes	4	4 @	Nil
C. M. Maniar ##	5	Yes	14	6	Nil

Kshitish M. Shah	6	Yes	1	1	Nil
Rohit J. Patel	6	Yes	3	3	1
Rajesh K. Pandya	5	Yes	6	2 @	Nil

# Ceased to be a Director of the Company w.e.f. 21<sup>st</sup> September, 2013.

@ Appointed as a Member of the Audit Committee of Vadilal Chemicals Limited w.e.f. 3<sup>rd</sup> January, 2014.

## Ceased to be a Director of the Company w.e.f. 29<sup>th</sup> June, 2014 due to sad demise.

• 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 #	Mr. Rajesh R. Gandhi	Brother
Mr. Rajesh R. Gandhi	Mr. Virendra R. Gandhi #	Brother

# Ceased to be a Director w.e.f. 21<sup>st</sup> September, 2013.

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 31-03-2014 (i.e. from 01-04-2013 to 31-03-2014) are as follows, as approved by the Shareholders at the 27<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September, 2011, by passing a Special Resolution towards partial modification in terms of remuneration payable to them, for the remaining period of their existing tenure of 2 years from 01-04-2012 to 31-03-2014 :-

Amount (₹ in lacs)

Name of Managing Director	Salary	Perquisites/ Allowances	Contribution to PF	Total
Mr. Rajesh R. Gandhi	31.68	12.40	3.80	47.88
Mr. Devanshu L. Gandhi	31.68	12.50	3.80	47.98

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 31-03-2014.

The 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 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 has expired on 31<sup>st</sup> March, 2014 and they were re-appointed 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, Board of Directors of the Company, at their respective Meetings held on 30<sup>th</sup> May, 2013 and shareholders of the Company at the 29<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> September, 2013, subject to approval of the Central Government.

However, due to implementation of new Companies Act, 2013 w.e.f. 1<sup>st</sup> April, 2014, the Company is required to pass a fresh Special Resolution of the shareholders of the Company in confirmation and supersession of the aforesaid Special Resolution, under the provisions of Section 196 and Schedule – V of the Companies Act, 2013 (New Act) and Rules made thereunder, for re-appointment of Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, as Managing Directors of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2014 and payment of remuneration to them, for a further period of 3 years w.e.f. 1<sup>st</sup> April, 2014, without approval of the Central Government. In this regard, Nomination and Remuneration Committee and Board of Directors at their respective meetings held on 14<sup>th</sup> August, 2014 duly approved the reappointment and payment of remuneration to them.

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 31-03-2014:

Sr. No.	Name of the Director	Amount in ₹ (Including Service Tax)
1	Mr. C. M. Maniar #	1,00,000/-
2	Mr. Kshitish M. Shah	1,20,000/-
3	Mr. Rohit J. Patel	1,20,000/-
4	Mr. Rajesh K. Pandya	1,00,000/-

# Ceased to be a Director of the Company w.e.f. 29<sup>th</sup> June, 2014 due to sad demise.

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 31-03-2014 :-

Sr. No.	Name of the Director	Amount in ₹ (Including Service Tax)
1	Mr. Kshitish M. Shah	70,225/-
2	Mr. Rohit J. Patel	70,225/-
3	Mr. Rajesh K. Pandya	56,180/-

The Company has also paid sitting fees to the following Non-executive Directors of the Company for attending Remuneration Committee meeting, held during the year ended on 31-03-2014 :-

Sr. No.	Name of the Director	Amount in ₹ (Including Service Tax)
1	Mr. Kshitish M. Shah	11,236/-
2	Mr. Rohit J. Patel	11,236/-

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 31-03-2014, 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

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 21-09-2013. 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 5 times during the year under review on 30-05-2013, 14-08-2013, 11-11-2013, 21-01-2014 and 14-02-2014.

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	5
2	Mr. Kshitish M. Shah	5
3	Mr. Rajesh K. Pandya	4

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 placed before 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 :

- a) Oversight of the Company's financial reporting process and disclosure of its financial information.
- b) Recommending the appointment and removal of external Auditor, fixation of audit fee and also approval for payment for any other services.
- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) Reviewing the Company's financial and risk management policies.
- h) 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.
- i) 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.
- j) It shall ensure compliance of internal control systems.
- k) 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, 2014, namely:

1. Mr. Kshitish M. Shah - Chairman
2. Mr. C. M. Maniar # - Member
3. Mr. Rohit J. Patel - Member
4. Mr. Rajesh K. Pandya @ - Member

@ The Remuneration Committee was re-constituted by the Board at their meeting held on 29th May, 2014 by introducing Mr. Rajesh K. Pandya as the member.

# Ceased to be a member of Remuneration Committee w.e.f. 29th June, 2014 due to 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 30th May, 2013 and approved payment of remuneration to them for a period of 3 years w.e.f. 1st 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. 1st April, 2014 at its meeting held on 30th May, 2013. Thereafter, the shareholders of the Company have, at the 29th Annual General Meeting of the Members of the Company, approved the said payment of remuneration to them for a period of 3 years w.e.f. 1st April, 2014.

At the said meeting, except Mr. C. M. Maniar, other two Members were present.

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

(i) **Composition :**

As on 31st March, 2014, there were 2 Members of the Share Transfer and Investors' Grievance Committee of the Company, namely:

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

During the year under review, Mr. Virendra R. Gandhi ceased to be a Member of the Share Transfer and Investors' Grievance Committee of the Company w.e.f. 21st September, 2013.

The Share Transfer and Investors' Grievance Committee was re-constituted by the Board at their meeting held on 29th May, 2014 by introducing Mr. Rajesh K. Pandya as the member and designated as a Chairman of the Committee, being Independent Director of the Company.

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 31-03-2013	-	Nil
No. of complaints received during the year under review	-	Nil
No. of complaints disposed off during the year under review	-	Nil
No. of complaints outstanding as on 31-03-2014	-	Nil

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

The Board has designated Mr. Nikhil Patel, 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 31st March, 2014.

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 31st March, 2014, 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
2012-2013	29 <sup>th</sup>	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	21-09-2013	2.00 p.m.
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.

(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 30<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, 2014, 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, 2014, 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, 2014. 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 12484 shareholders as on 31<sup>st</sup> March, 2014. 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 30-06-2013 (1st Quarter), 30-09-2013 (2nd Quarter) and 31-12-2013 (3rd Quarter) and the Annual Audited Accounts for the year ended on 31-03-2014 including notes and segment wise revenue, results and capital employed and also the Consolidated Financial Results and half-yearly Statement of Assets and Liabilities and Limited Review Report thereon were submitted to the Stock Exchanges immediately after conclusion of the Board Meetings in which, they are approved by the Board.

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

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

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

## 9) General Shareholder information :

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

- Date & Time : Thursday, 25th September, 2014, at 2.00 p.m.
- Venue : GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380006

### (ii) Financial Calendar (from 01-04-2014 to 31-03-2015) (Tentative) :

- Results for quarter ended on 30-06-2014 : 14<sup>th</sup> August, 2014
- Results for quarter ending on 30-09-2014 : On or before 14<sup>th</sup> November, 2014
- Results for quarter ending on 31-12-2014 : On or before 14<sup>th</sup> February, 2015
- Audited Results for the year ending on 31-03-2015 : On or before 30<sup>th</sup> May, 2015
- AGM for the year ending on 31-03-2015 : In the month of September, 2015

### (iii) Book-closure date :

Book-closure shall be from 13th September, 2014 to 25th September, 2014 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31st March, 2014.

### (iv) Dividend payment date :

The Dividend of ₹ 1.00 per share (@ 10.00%) on Equity Shares for the year ended on 31st March, 2014, 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).

Listing fees upto Financial Year 2014-2015 has already been paid to 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:

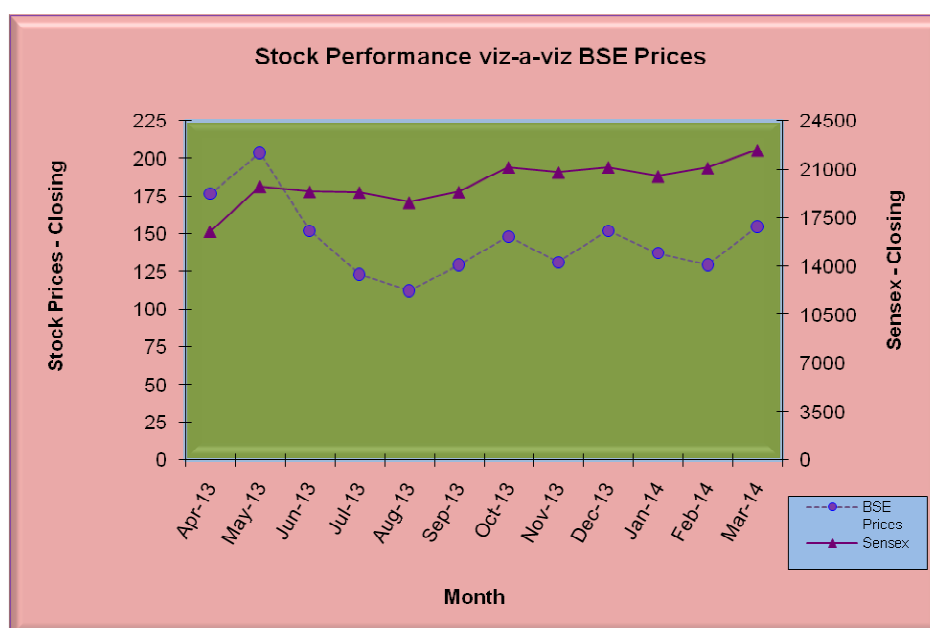
Months	High (₹)	Low (₹)	Closing (₹)
April, 2013	200.35	161.35	176.70
May, 2013	235.70	175.25	203.90
June, 2013	212.95	143.20	152.15
July, 2013	167.95	119.00	123.10
August, 2013	134.40	101.50	112.30
September, 2013	151.70	108.25	129.50
October, 2013	156.45	126.50	148.35
November, 2013	160.80	125.60	131.30
December, 2013	167.50	130.00	152.20
January, 2014	155.95	125.00	137.35
February, 2014	148.00	124.00	129.65
March, 2014	157.90	127.00	154.80

(viii) **Share price performance in comparison to BSE Sensex based on share price on 31-03-2014:**

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, 2013	200.35	161.35	176.70	19,622.68	18,144.22	19,504.18
May, 2013	235.70	175.25	203.90	20,443.62	19,451.26	19,760.30
June, 2013	212.95	143.20	152.15	19,860.19	18,467.16	19,395.81
July, 2013	167.95	119.00	123.10	20,351.06	19,126.82	19,345.70
August, 2013	134.40	101.50	112.30	19,569.20	17,448.71	18,619.72
September, 2013	151.70	108.25	129.50	20,739.69	18,166.17	19,379.77
October, 2013	156.45	126.50	148.35	21,205.44	19,264.72	21,164.52
November, 2013	160.80	125.60	131.30	21,321.53	20,137.67	20,791.93
December, 2013	167.50	130.00	152.20	21,483.74	20,568.70	21,170.68
January, 2014	155.95	125.00	137.35	21,409.66	20,343.78	20,513.85
February, 2014	148.00	124.00	129.65	21,140.51	19,963.12	21,120.12
March, 2014	157.90	127.00	154.80	22,467.21	20,920.98	22,386.27

**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 15 days 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 – 2013-2014, 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, 2014 :**

No. of Equity Shares held	No. of Share holders	No. of Shares	% of Shares
1-500	11832	955319	13.29
501-1000	329	270765	3.77
1001-2000	168	256048	3.56
2001-3000	59	149008	2.07
3001-4000	20	71334	0.99
4001-5000	15	67703	0.94
5001-10000	30	235564	3.28
10001- 50000	17	270553	3.77
50001-100000	3	197967	2.75
100001 & above	11	4713569	65.58
<b>Total:</b>	<b>12484</b>	<b>7187830</b>	<b>100.00</b>

(b) **Categories of Shareholders as on 31st March, 2014 :**

Sr. No.	Category of Shareholder	No. of Equity Shares held	% to total Paid-up Capital
<b>A : Promoters and Promoters' Group :</b>			
1	Directors	560997	7.80
2	Directors' relatives	510354	7.10
3	Group Companies	3413175	47.49
4	HUFs	186351	2.59
5	NRIs	10896	0.15
<b>Total (A) :</b>		<b>4681773</b>	<b>65.13</b>
<b>B : Public :</b>			
1	Foreign Institutional Investors (FIIs)	700	0.01
2	Mutual Funds & UTI	9778	0.14
3	NRIs/OCBs	43334	0.60
4	Bodies Corporate	379383	5.28
5	Financial Institutions/Banks	5744	0.08
6	Trust	2	0.00
7	HUF	133246	1.85
8	Public	1933870	26.90
<b>Total (B) :</b>		<b>2506057</b>	<b>34.87</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 6740510 Equity Shares of the Company representing 93.79% of the total paid-up capital of the Company have been dematerialised upto 31-03-2014. Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by SEBI.

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

Not Applicable

(xv) **Plant locations :**

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

(xvi) **Investor Correspondence :**

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

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

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

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

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

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

(xix) **Nomination facility :**

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

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

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

- 1) Half-yearly declaration of financial performance and summary of significant events in last six months have not been sent to each shareholder of the Company.
- 2) The Company has not conducted training for the Board members.
- 3) The Company does not have peer group of Board of Directors to evaluate performance of Non-executive Directors.
- 4) The Company does not have Whistle Blower policy as on 31-03-2014.





### **DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT**

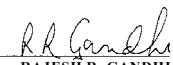
In terms of the requirement of the amended Clause 49 of Listing Agreement with the Stock Exchanges regarding Corporate Governance, we hereby confirm that all Board Members and Senior Management Personnel of Vadilal Industries Limited have affirmed the compliance of Code of Business Conduct and Ethics during the year ended on 31st March, 2014.

**For VADILAL INDUSTRIES LIMITED**

Place : Ahmedabad

Date : 1st August, 2014.

  
DEVANSHU L. GANDHI  
Managing Director

  
RAJESH R. GANDHI  
Chairman & 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 2014**, 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 review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. 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 based on 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

Date : August 14, 2014  
Place : Ahmedabad

**Mayank S. Shah**  
Partner  
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, 2014, 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 15/2013 dated 13 September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and

- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

#### Emphasis of Matter:

- Attention is invited to **Note No. 27.3** (a) of the financial statements, whereby the company has for the year accounted transport subsidy of Rs 80 Lacs awaiting announcement of such policy from government.
- Attention is invited to **Note No. 27.6** of the financial statements, where in as per the reasons stated by the management, advances of Rs 196.93 lacs outstanding at the year end from Company's Overseas Subsidiary are considered realisable/recoverable.
- Attention is invited to **Note No. 27.14** of the financial statements, whereas the company has recognised Mat Credit entitlement for current financial year of Rs 89.94 Lacs and upto 31<sup>st</sup> March 2014 of Rs 493.35 Lacs.

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

#### Report on Other Legal and Regulatory Requirements

- 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.
- As required by section 227(3) of the Act, we report that:
  - 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;
  - 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;
  - 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;
  - in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards notified under the Companies Act, 1956, read with General Circular 15/2013 dated 13 September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 29, 2014

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 loan to two parties covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance of loan granted is Rs 221.93 lacs.
  - [b] In our opinion rate of interest and 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, receipt of interest, wherever applicable, is regular and 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 31<sup>st</sup> March, 2014 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, 2014 that have not been deposited by the company, are as under:

(Rs. in lakhs)

Sr. No.	Dispute under:	Amount (net of deposit) (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 12.49 15.74 1.55 0.60 2.39 0.46 3.67	1998-99 2000-01 2000-01 2001-02 2002-03 2003-04 2003-04 2004-05	- High Court - Jt. Comm.. - Dy. Comm. - Dy. Comm. - Tribunal - Jt Comm - Jt. Comm - Tribunal
(ii)	Income Tax Act, 1961	1.93 3.12 1.37	1996-97 1999-00 2006-07	- High Court - High Court - A.O
(iii)	Others Nayab Nirnayak Adhikari	0.75	2013-14	Allahabad High Court

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

(Rs. in lakhs)

Sr. No.	Dispute under:	Amount (net of deposit) (Rs. in lakhs)	Period to which the amount relates	Forum where department has preferred appeals
(i)	Central Excise Act, 1944	4.58 4.28	1988-89 2003-04	- Asst. Comm. - Asst. Comm.
(ii)	Income Tax Act, 1961	50.46 31.10 7.84 14.06 16.03 0.51 5.10 41.55	1992-93 1993-94 1994-95 1995-96 1996-97 2001-02 2002-03 1997-98	- Tribunal - Tribunal - High Court - High Court - High Court - High Court - High Court - 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 29, 2014

Membership No.: 44922



## BALANCE SHEET AS AT 31ST MARCH, 2014

	NOTE	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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	10771.96	10791.67
<b>Sub Total</b>		<b>11490.74</b>	<b>11510.45</b>
(2) <b>Deferred Government Grant</b>		19.19	22.38
(3) <b>Non-Current liabilities</b>			
(a) Long Term borrowings	5	8199.65	7560.96
(b) Deferred tax liabilities(Net)	6	1419.59	1290.61
(c) Long term provisions	7	98.06	53.97
<b>Sub Total</b>		<b>9717.30</b>	<b>8905.54</b>
(4) <b>Current liabilities</b>			
(a) Short term borrowings	8	6064.59	7369.70
(b) Trade payables	9	5884.81	3945.31
(c) Other current liabilities	10	4314.25	3431.24
(d) Short term provisions	7	287.52	248.73
<b>Sub Total</b>		<b>16551.17</b>	<b>14994.98</b>
<b>TOTAL -&gt;</b>		<b>37778.40</b>	<b>35433.35</b>
<b>II ASSETS</b>			
(1) <b>Non-current assets</b>			
(a) Fixed Assets :	11		
i) Tangible assets		22362.14	20616.85
ii) Intangible Assets		335.50	0.00
iii) Capital Work-In-Progress		418.09	1496.78
iv) Intangible Assets under development		0.00	134.07
<b>Sub Total</b>		<b>23115.73</b>	<b>22247.70</b>
(b) Non-current Investments	12	146.23	156.61
(c) Long-term loans and advances	13	1750.47	1866.00
(d) Other non-current assets	14	67.62	70.68
<b>Sub Total</b>		<b>25080.05</b>	<b>24340.99</b>
(2) <b>Current Assets</b>			
(a) Current Investments	15	1.15	1.07
(b) Inventories	16	9967.89	8672.54
(c) Trade receivables	17	1651.31	1537.42
(d) Cash & Bank balances	18	298.05	112.72
(e) Short term Loans & Advances	13	563.37	507.20
(f) Other Current Assets	14	216.58	261.41
<b>Sub Total</b>		<b>12698.35</b>	<b>11092.36</b>
<b>TOTAL -&gt;</b>		<b>37778.40</b>	<b>35433.35</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 and on behalf of the Board

For KANTILAL PATEL & CO.

Rajesh R. Gandhi : Chairman & Managing Director

Chartered Accountants

Devanshu L. Gandhi : Managing Director

Firm Registration No.104744W

Nikhil Patel : Company Secretary

Mayank S. Shah

Place : Ahmedabad

Partner

Date : May 29, 2014

Membership No.:44922

Place : Ahmedabad

Date : May 29, 2014



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	NOTE	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
I Revenue From Operations (Gross)	19	37170.32	32858.85
Less : Excise Duty		808.81	745.31
Revenue From Operations (Net)		36361.51	32113.54
Other Income	20	156.40	720.78
Total Revenue (I)	<b>Sub Total</b>	36517.91	32834.32
II <b>Expenses :</b>			
Cost of Materials Consumed	21	20767.00	18018.75
Purchases of stock-in-Trade	22	644.77	1182.96
Changes in inventories of Finished goods and stock in trade	23	(715.34)	(893.85)
Employee Benefits expenses	24	1895.21	1537.18
Other Expenses	25	9723.72	8499.17
Total (II)	<b>Sub Total</b>	32315.36	28344.21
III Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) (I-II)		4202.55	4490.11
IV Finance Cost	26	2524.13	2481.63
Depreciation and amortization expenses	11	1362.12	1152.03
Less : Recoupment from Revaluation reserve / Deferred Government grant		81.36	53.53
		1280.76	1098.50
Total (IV)	<b>Sub Total</b>	3804.89	3580.13
V Profit before Exceptional & extraordinary items and tax (III-IV)		397.66	909.98
VI Exceptional Items			
Provision for Diminution in the value of Long Term Investments		135.05	0.00
VII Profit before extraordinary items and tax (V-VI)		262.61	909.98
VIII Extraordinary items		0.00	0.00
IX Profit before Tax (VII-VIII)		262.61	909.98
X Tax Expenses (Refer H on Note 2.1)			
(a) Current Tax			
Current (MAT Tax)		94.09	178.06
Less : MAT Credit entitlement		(89.94)	(99.98)
		4.15	78.08
(b) Deferred Tax charge / (release)		128.98	196.20
(c) Short / (Excess) Provision of Tax / Deferred Tax of earlier years (Net)		(13.07)	38.28
		120.06	312.56
XI Profit for the year (IX – X)		142.55	597.42
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		1.98	8.31
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 29, 2014

For and on behalf of the Board

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

Place : Ahmedabad  
Date : May 29, 2014



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	For the year ended 31.03.2014 (₹ in Lacs)	For the year ended 31.03.2013 (₹ in Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and Exceptional Items from continuing operations	397.66	909.98
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1362.12	1152.03
Withdrawn From Revaluation Reserve /	(81.36)	(53.53)
Deferred Government Grant		
Loss / (Profit) on sale of Assets	(20.86)	(6.16)
Loss / (Profit) on sales of Investments	0.00	(1.73)
Loss / (Profit) on Partnership Firms (Net)	17.30	(19.14)
Provision for bad debts	3.18	0.00
Provision for Doubtful Advances	31.63	4.49
Upfront Interest on restructuring of Loan	11.65	10.27
Diminution in value of Current Investments	(0.08)	0.41
Excess Provision written back	(46.11)	(48.82)
Dividend	(0.13)	(0.24)
Interest expenses	2524.13	2481.63
Interest Income	(43.78)	(439.67)
Operating Profit before working capital changes	4155.35	3989.52
Movements in working capital :		
Increase / (decrease) in trade payables	1939.49	(542.68)
Increase / (decrease) in long term provisions	44.09	19.79
Increase / (decrease) in short term provisions	8.75	13.97
Increase / (decrease) in other current liabilities	915.55	779.03
Decrease / (increase) in trade receivable	(117.07)	1803.43
Decrease / (increase) in inventories	(1295.35)	(1967.36)
Decrease / (increase) in long term loans and advances	213.49	(574.47)
Decrease / (increase) in short term loans and advances	(87.79)	79.16
Decrease / (increase) in other current assets	(27.55)	63.54
Cash Generated from / (used in) Operations	5748.96	3663.93
Direct taxes paid (net of refunds)	(34.26)	(244.69)
Cash flow before extraordinary items	5714.70	3419.24
Net Prior Year Expenses	0.00	0.00
<b>Net Cash from / (used in) Operating Activities</b>	5714.70	3419.24
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans given (Net)	0.00	42.95
Purchase of fixed assets	(2173.13)	(3002.37)
Sale of fixed assets	20.87	14.16
Purchase of Current Investments	(124.73)	(49.59)
Proceeds from Sale / maturity of Investments	0.00	48.27
Investments in bank deposits (having original maturity of more than three months (Net)	(99.22)	75.44
Interest received	120.44	512.41
Dividend received	0.13	0.24
<b>Net Cash flow from / (used in) Investing Activities</b>	(2255.64)	(2358.49)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	2568.93	3513.48
Repayment of Long Term Borrowings	(1930.25)	(4300.06)
Proceeds from Short Term borrowings	2494.94	8062.67
Repayment of Short Term Borrowings	(3800.05)	(5667.63)
Interest paid	(2574.97)	(2525.70)
Dividends paid on equity shares	(104.66)	(105.83)
Tax on equity dividend paid	(18.32)	(17.49)
<b>Net Cash used in Financing Activities</b>	(3364.38)	(1040.56)
Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)	94.68	20.19
Op. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.07 lacs (P.Y. ₹ 2.06 lacs))	97.75	77.56
Cl. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.01 Lacs (P.Y. ₹. 0.07 lacs))	192.43	97.75
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Cash and Cheques on hand	44.28	23.10
Balance With Banks		
On Current Accounts	45.82	38.65
On Unpaid Dividend Accounts *	19.72	16.56
On Fixed / Margin Money Deposit Accounts	82.61	19.44
	<b>192.43</b>	<b>97.75</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 KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

Mayank S. Shah  
Partner  
Membership No.:44922  
Place : Ahmedabad  
Date : May 29, 2014

For and on behalf of the Board

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

Place : Ahmedabad  
Date : May 29, 2014

## 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, Ahmadabad 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, 2014 is ₹ 6222.60 Lacs (Previous Year ₹ 6300.77 Lacs). Consequent to the said revaluation there is an additional charge of depreciation of ₹ 78.17 Lacs (Previous Year ₹ 50.33 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
- f) Lease hold improvements are amortised over the life of the lease. In case the leasehold asset is vacated earlier than enure of the lease, the total unamortised balance will be written off to the statement of profit & loss in the year in which the premise is vacated.

#### 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, specific grants (e.g. Transport subsidy from APEDA) is deducted from the freight expenses.
- iii) Grant towards specific fixed assets was presented as deduction from its gross value up to 31.03.2005 and there after the same is presented by credit to Deferred Government grant and amortised over the period of useful life of specific fixed assets.

**M) RESEARCH AND DEVELOPMENT EXPENSES :**

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

**N) SEGMENT REPORTING :**

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

**O) EARNING PER SHARE :**

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

**P) CASH AND CASH EQUIVALENTS :**

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

**Q) CASH FLOW STATEMENT :**

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

**R) DISCLOSURE OF EBITDA :**

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

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE - 3</b>		
<b>SHARE CAPITAL</b>		
<b>Share capital</b>		
<b>Authorized shares</b>		
1,50,00,000 (31 March 2013: 1,50,00,000) equity shares of ₹ 10/- each	1500.00	1500.00
	1500.00	1500.00
<b>Issued, subscribed and fully paid-up shares</b>		
<b>Issued and Subscribed :</b>		
71,88,230 (31 March 2013: 71,88,230) equity shares of ₹ 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 2013: 71,87,830) equity shares of ₹ 10/- each	718.78	718.78
<b>Total paid-up share capital</b>	718.78	718.78

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

	31st March, 2014		31st March, 2013	
	(Nos)	(₹ in Lacs)	(Nos)	(₹ in Lacs)
<b>Equity shares</b>				
<b>At the beginning of the period</b>	<u>7187830</u>	<u>718.78</u>	<u>7187830</u>	<u>718.78</u>
<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 2014, the amount of per share dividend recognized as distribution to equity shareholders is ₹ 1.00 (31 March 2013: ₹ 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, 2014		31st March, 2013	
	(Nos)	(%holding in the class)	(Nos)	(%holding in the class)
Vadilal International Pvt. Ltd.	2809704	39.09%	2809704	39.09%

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



	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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	6300.77	6351.10
Less : Amount transferred to the statement of profit and loss as reduction from depreciation	78.17	50.33
Closing Balance	6222.60	6300.77
<b>General Reserve</b>		
Balance as per last Financial Statements	3500.00	3200.00
Add : Amount transferred from surplus balance in the statement of profit and loss	100.00	300.00
Closing Balance	3600.00	3500.00
<b>Surplus in the statement of profit and loss</b>		
Balance as per last Financial Statements	494.79	323.51
Profit for the year	142.55	597.42
Less : Appropriations		
(a) Proposed final equity dividend (amount per share ₹ 1.00 P.Y. amount per share ₹ 1.50)	71.88	107.82
(b) Tax on proposed equity dividend	12.21	18.32
(c) Transferred to General reserve	100.00	300.00
Total Appropriations	184.09	426.14
Net Surplus in the statement of profit and loss	453.25	494.79
Total Reserves and Surplus	10771.96	10791.67

	Non – Current As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	Current As At 31.03.2014 (₹ in Lacs)	Maturities As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 5</b>				
<b>LONG TERM BORROWINGS</b>				
<b>Term Loans</b>				
From Banks (Secured)	6982.16	6219.67	1776.93	1579.84
From Financial Institutions (Secured)	350.00	615.63	265.63	287.50
From Others (Unsecured)	71.99	71.95	31.91	95.37
	7404.15	6907.25	2074.47	1962.71
<b>Deposits (Unsecured)</b>				
Fixed Deposits	795.50	653.71	265.53	311.39
	795.50	653.71	265.53	311.39
	8199.65	7560.96	2340.00	2274.10
The above amount includes :				
Secured borrowings	7332.16	6835.30	2042.56	1867.34
Unsecured borrowings	867.49	725.66	297.44	406.76
Less : Amount disclosed under the head “Other current Liabilities” Note – 10			(2074.47)	(1962.71)
Less : Amount disclosed under the head “Other current Liabilities” Note – 10			(265.53)	(311.39)
Net Amount	8199.65	7560.96	0.00	0.00

**Repayment Schedule of Loans**
**(₹ in Lacs)**

	Sanctioned / Disbursed Amount	As at 31.03.2014	As at 31.03.2013	Rate of Interest	No of installment installment	Amount
<b>Term Loans</b>						
<b>From Banks</b>						
IDBI Bank (Expansion Loan)	800.00	200.03	314.31	14.75%	6 Quarterly	28.57
					1 Quarterly	28.61
BOB	1000.00	550.00	750.00	13.00%	33 Monthly	16.67
BOB	1400.00	1143.33	1400.00	13.00%	49 Monthly	23.33
BOB	2000.00	2000.00	0.00	14.15%	71 Monthly	27.78
					1 Monthly	27.62
SBT	1000.00	715.25	933.00	13.75%	42 Monthly	16.75
					1 Monthly	11.75
SBT	1000.00	715.25	933.00	13.75%	42 Monthly	16.75
					1 Monthly	11.75
SBI (old loan)	775.00	129.40	269.28	14.45%	11 Monthly	10.76
					1 Monthly	11.04
SBI (Project)	1000.00	398.80	615.90	14.45%	23 Monthly	16.70
					1 Monthly	14.70
SBI (Project)	900.00	712.50	900.00	14.45%	19 Quarterly	37.50
SBI (Project)	2100.00	2044.25	1558.53	14.45%	36 Monthly	10.00
					32 Monthly	52.00
					1 Monthly	20.25
<b>Vehicle Loans</b>						
BOB	—	0.00	13.78	—		
HDFC	—	150.28	111.71	—	From 18 to 54* Monthly Installments	-
<b>From Financial Institutions</b>						
Exim	1000.00	550.00	750.00	13.75%	11 Quarterly	50.00
Exim	525.00	65.63	153.13	13.00%	3 Quarterly	21.87
<b>Others</b>						
IBM India	135.11	103.90	92.63	12.50%	11 Quarterly	7.83
					13 Quarterly	3.03
Magma Finance	150.00	0.00	74.69			
<b>Total</b>		<b>9478.62</b>	<b>8869.96</b>			
Fixed deposits		1061.03	965.10	10.25 % to 13.00 %	24 months to 36 months based on period of deposit	

\*Includes Interest portion

A 1) Existing Term loans from IDBI, SBI and Exim Bank 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 Rs. 9 crores and Rs. 21 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 :

- 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 SBT and additional term loan of ₹ 9 crores and 21 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) Corporate Loan of ₹ 20 Crores from BOB is secured by hypothecation on movable properties of the Company as mentioned in Point No. (1) and (2) above by way of 1st / 2nd pari-passu charge.
- 4) The above Term Loans are also secured by way of Hypothecation on entire current assets of the Company on 2nd pari-passu charge basis.
- 5) The Old Term Loan of Rs 6 Crores from IDBI Bank Ltd. has been duly repaid and the charge has been duly satisfied.
- 6) Vehicle Loans are secured by hypothecation of vehicles
- 7) The Term Loans are also secured by Personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies

	Long Term		Short Term	
	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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	1549.36	1352.30		
Others	10.58	12.77		
	<u>1559.94</u>	<u>1365.07</u>		
Deferred Tax Assets				
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	53.50	60.21		
Unabsorbed depreciation	60.68	0.00		
Others	26.17	14.25		
	<u>140.35</u>	<u>74.46</u>		
Deferred Tax Liability (Net)	<u>1419.59</u>	<u>1290.61</u>		
<b>NOTE – 7</b>				
<b>PROVISIONS</b>				
<b>Employee Benefits :</b>				
Gratuity (Refer Note 28.1)	98.06	53.97	47.36	42.68
Compensated absences	0.00	0.00	59.19	55.10
<b>Others :</b>				
Income Tax Less Advance Tax (Current Tax)	0.00	0.00	80.23	8.16
Proposed Equity Dividend	0.00	0.00	71.88	107.82
Provision for Tax on Proposed Equity Dividend	0.00	0.00	12.21	18.32
Other Provisions (Refer Note 28.6)	0.00	0.00	16.65	16.65
	<u>98.06</u>	<u>53.97</u>	<u>287.52</u>	<u>248.73</u>

	(₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>Note – 8</b>			
<b>SHORT TERM BORROWINGS</b>			
Loans Repayable on Demand :			
From Banks			
Working Capital Loans (Secured)		4982.24	5056.55
Loans from Related Parties (Refer Note 28.3)		102.00	1216.29
Deposits (Unsecured)			
Public Fixed Deposits	665.35		621.86
Inter Corporate deposits	315.00		475.00
		<u>980.35</u>	<u>1096.86</u>
		<u>6064.59</u>	<u>7369.70</u>
The above amount includes :			
Secured borrowings		4982.24	5056.55
Unsecured borrowings		1082.35	2313.15
		<u>6064.59</u>	<u>7369.70</u>



- A 1) Working Capital facilities from consortium banks namely BOB, SBI, SBT, IDBI 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 :-
- Dudheshwar, Ahmedabad (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
  - Dharampur, Dist. : Valsad (Canning Unit) (2<sup>nd</sup> Charge) (Owned property)
  - Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2<sup>nd</sup> Charge) (Owned property)
  - Village Pundhra, Taluka Kalol, Dist. : Gandhinagar (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
  - Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (2<sup>nd</sup> Charge) (Leased property)
  - Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (1<sup>st</sup> charge) (Owned property)
  - Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
  - 4 Flats No. 801 to 804, Maruti Centre, Gurukul, Drive-in Road, Ahmedabad (Flats) (1st Charge) (Owned property)
  - Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 2nd Charge) (Excluding specific plant & machineries)
  - Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 2nd Charge)
  - Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 2nd Charge)
  - Dharampur, Dist : Valsad (New land) (2<sup>nd</sup> charge) (Owned property)
  - 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 @ 13.00 % to 14.50 %
- 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 @ 11.00 % to 16.00 %
- F Fixed deposits are repayable for 12 months and carry interest @10.25 %

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 9</b>		
<b>TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises (Refer Note 27.8)	90.61	0.00
Others	5794.20	3945.31
	<u>5884.81</u>	<u>3945.31</u>
<b>NOTE – 10</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term borrowings (Refer Note 5)		
From Banks	1776.93	1579.84
From Financial Institutions	265.63	287.50
From Others	31.91	95.37
Public Fixed Deposits (Refer Note 5)	265.53	311.39
Interest Accrued but not due on borrowings	109.71	108.93
Interest Accrued and due on borrowings	91.53	86.12
Unclaimed Dividends *	19.72	16.56
Unclaimed Matured deposits and Interest accrued thereon * #	36.49	38.89
Payable for Capital Goods	351.06	280.42
Other Liabilities		
Statutory dues payable	370.80	304.27
Advance from Customers	32.12	26.82
Security Deposits from Customers	875.12	212.86
Others	87.70	82.27
	<u>4314.25</u>	<u>3431.24</u>

\* Does not include any amounts outstanding as on 31.03.2014 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 31.03.2014, which is held in abeyance due to legal case pending



# NOTE – 11

## FIXED ASSETS (Refer B on Note 2.1)

(₹ in Lacs)

Particulars	Land Freehold	Land Leasehold	Building	Lease hold Improvements	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>I Tangible Assets</b>									
<b>A Cost or Valuation -</b>									
At 31st March, 2013	4378.67	1285.25	7274.60	16.62	15920.80	158.44	531.57	324.98	29890.93
Additions	0.00	0.00	241.54	0.51	2716.58	37.51	83.78	1.32	3081.24
Disposals	0.00	0.00	0.00	0.00	48.11	0.00	0.02	7.66	55.79
At 31st March, 2014	4378.67	1285.25	7516.14	17.13	18589.27	195.95	615.33	318.64	32916.38
<b>B Depreciation -</b>									
At 31st March, 2013	0.00	8.96	2713.63	0.00	5995.35	114.27	303.91	137.96	9274.08
Additions	0.00	38.04	160.03	1.85	1070.83	8.34	32.75	24.11	1335.95
Disposals	0.00	0.00	0.00	0.00	48.11	0.00	0.02	7.66	55.79
At 31st March, 2014	0.00	47.00	2873.66	1.85	7018.07	122.61	336.64	154.41	10554.24
<b>C Net Block</b>									
At 31st March, 2014	4378.67	1238.25	4642.48	15.28	11571.20	73.34	278.69	164.23	22362.14
At 31st March, 2013	4378.67	1276.29	4560.97	16.62	9925.44	44.18	227.66	187.02	20616.85

## II Intangible Assets

(₹ in Lacs)

Particulars	Software & development Costs	Particulars	Software & development Costs
<b>A Cost or Valuation -</b>		<b>III Capital Work In Progress</b>	
At 31st March, 2013	0.00	At 31st March, 2013	1496.78
Additions	361.67	Additions	418.09
Deductions	0.00	Deductions	1496.78
At 31st March, 2014	361.67	At 31st March, 2014	418.09
<b>B Amortisation -</b>		<b>IV Intangible Assets under development</b>	
At 31st March, 2013	0.00	At 31st March, 2013	134.07
Additions	26.17	Additions	133.96
Deductions	0.00	Deductions	268.03
At 31st March, 2014	26.17	At 31st March, 2014	0.00
<b>C Net Block</b>			
At 31st March, 2014	335.50		
At 31st March, 2013	0.00		

## 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 ₹ 57.02 lacs (P.Y. ₹ 51.18 lacs) and shown in additions to fixed Assets ₹ 57.02 Lacs (P.Y. ₹ 12.58 Lacs), in additions to Capital work in progress ₹ Nil (P.Y. ₹ 38.60 Lacs) and in Intangible Assets under development ₹ Nil (P.Y. ₹ 7.91 Lacs)
- IV Capital Work in progress includes -  
₹ 418.09 Lacs (P.Y. ₹ 1427.90 Lacs) on account of Construction materials and Plant & machinery under installation at site  
₹ Nil (P.Y. ₹ 68.88 Lacs) on account of expenses incurred during Construction period as under :

	31.03.2014 (₹ in Lacs)	31.03.2013 (₹ in Lacs)
Opening Balance	68.88	0.00
Add :		
Expenses Incurred towards acquisition of Fixed assets (Refer Note 27.4)	6.46	30.28
Interest Capitalised (Refer Note 27.4)	57.02	51.18
Less :		
Capitalised during the year	63.48	81.46
	132.36	12.58
Closing Balance (included in capital work in progress)	0.00	68.88

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 12</b>		
<b>NON-CURRENT INVESTMENTS (LONG TERM)</b>		
(Refer C on Note 2.1)		
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in Subsidiary</b>		
2250 (P.Y. 250) equity shares of US \$ 100 each fully paid up In Vadilal Industries (Inc) U S A (Refer Note No 27.6)	136.41	11.74
Less : Provision for diminution in the value of Investments	135.05	0.00
	1.36	11.74
<b>Others</b>		
72500 (P.Y. 72500) equity shares of ₹ 10 each fully paid up In Vadilal Forex and Consultancy services Ltd	7.25	7.25
Less : Provision for diminution in the value of Investments	6.53	6.53
	0.72	0.72
<b>Investment in Partnership Firm</b>		
(Refer details below)		
Vadilal Cold Storage	140.00	140.00
<b>Non trade Investments (valued at cost unless stated otherwise)</b>		
<b>Government and Trust Securities</b>		
<b>Unquoted</b>		
7 Year National Saving Certificates (Lodged with Govt. Authorities)	0.28	0.28
<b>Other Investments</b>		
<b>Equity Instruments</b>		
<b>Unquoted</b>		
(a) 74100 (P.Y. 74100) equity shares of ₹ 10 each fully paid up In Majestic Farm House Ltd.	1.87	1.87
(b) 280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Padm Complex Ltd.	0.03	0.03
(c) 280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Volute Constructions Ltd.	0.03	0.03
(d) 4195 (P.Y. 4195) equity shares of ₹ 25 each fully paid In Textile Traders Coop Bank Ltd.	1.05	1.05
(e) 3540 (P.Y. 3540) equity shares of ₹ 25 each fully paid In Siddhi Co.op. Bank Ltd.	0.89	0.89
	146.23	156.61
<b>Aggregate amount of unquoted investments</b>	146.23	156.61
<b>Details of Investment in Partnership Firm -</b>		
<b>Investment in Vadilal Cold Storage</b>		
<b>Name of the partner and share in profits (%)</b>		
M/S Vadilal Industries Limited	98%	98%
M/S Vadilal Chemicals Limited	2%	2%
<b>Total Capital of the Firm (₹)</b>	142.90	142.90

	Non – Current		Current	
	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 13</b>				
<b>LOANS AND ADVANCES</b>				
Unsecured, Considered good unless otherwise stated				
Capital Advances	91.97	383.77	0.00	0.00
Loans and Advances to related parties (Refer Note 28.3)	366.14	311.68	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	420.88	437.43
Considered Doubtful	0.00	0.00	41.13	13.99
Less : Provided for :	0.00	0.00	41.13	13.99
	0.00	0.00	0.00	0.00
	0.00	0.00	420.88	437.43



	Non – Current		Current	
	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
Other Loans and Advances				
Loans to employees	1.64	0.44	6.42	6.86
Prepaid Expenses	1.10	0.90	111.07	62.91
Deposits with Government Authorities	54.33	58.38	0.00	0.00
Advance Income Tax less Provisions	65.95	40.63	0.00	0.00
MAT Credit entitlement (Refer Note 27.14)	493.35	403.41	0.00	0.00
Other Trade / Security Deposits (Refer Note 28.3)	675.99	666.79	0.00	0.00
Inter Corporate Deposit	0.00	0.00	25.00	0.00
	<u>1292.36</u>	<u>1170.55</u>	<u>142.49</u>	<u>69.77</u>
	<u>1750.47</u>	<u>1866.00</u>	<u>563.37</u>	<u>507.20</u>
Loans and Advances to related parties include -				
Loan to Subsidiary (Refer Note 27.6)	196.93	125.58	0.00	0.00
Balance with Firm in which company is a partner	168.70	186.00	0.00	0.00
Others	0.51	0.10	0.00	0.00
	<u>366.14</u>	<u>311.68</u>	<u>0.00</u>	<u>0.00</u>
<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)	57.67	49.09		
Unamortised Borrowing cost (Refer G (ii) & (iii) on Note 2.1))	9.95	21.59	11.64	11.65
Interest Receivable (Refer Note No 27.3 (b))	--	--	23.04	99.70
Export Benefits Receivable	--	--	82.50	83.68
Subsidy Receivable (Refer Note No. 27.3 (a))	--	--	99.40	66.38
	<u>67.62</u>	<u>70.68</u>	<u>216.58</u>	<u>261.41</u>

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
--	------------------------------------	------------------------------------

#### NOTE – 15

##### CURRENT INVESTMENTS (Valued at lower of cost and fair value)

(Refer C on Note 2.1)

##### Quoted Equity Instruments

(a) 400 (P.Y. 400) equity shares of ₹ 10 each fully paid-up In Aminex Chemicals Ltd.	0.04	0.04
(b) 15 (P.Y. 15) equity shares of ₹ 10 each fully paid-up In Century Enka Ltd	0.06	0.06
(c) 60 (P.Y. 60) equity shares of ₹ 10 each fully paid-up In Essar Steel Ltd.	0.01	0.01
(d) 200 (P.Y. 200) equity shares of ₹ 10 each fully paid-up In Golden Agro Tech Industries Ltd	0.02	0.02
(e) 100 (P.Y. 100) equity shares of ₹ 10 each fully paid-up In Great Eastern Shipping Co.Ltd	0.04	0.04
(f) 25 (P.Y. 25) equity shares of ₹ 10 each fully paid-up in Great Offshore Ltd	0.01	0.01
(g) 25000 (P.Y. 25000) equity shares of ₹ 1 each fully paid-up In Interface Financial Services Ltd	2.00	2.00
(h) 120 (P.Y. 120) equity shares of ₹ 2 each fully paid-up In Matrix Laboratories Ltd	0.64	0.64
(i) 49000 (P.Y. 49000) equity shares of ₹ 1 each fully paid-up In Radhe Developers Ltd	0.49	0.49
(j) 2500 (P.Y. 2500) equity shares of ₹ 10 each fully paid-up In Saket Projects Ltd	0.25	0.25
(k) 900000 (P.Y. 900000) equity shares of ₹ 1 each fully paid-up In Sanara Media Ltd.	1.24	1.24
	<u>4.80</u>	<u>4.80</u>

Less : Diminution in value of Investments

Total (II)

Aggregate amount of quoted investments

(Market value ₹ 1.62 Lacs (P.Y. ₹ 1.26 Lacs)

Aggregate provision for diminution in value of Investments

	3.65	3.73
	<u>1.15</u>	<u>1.07</u>
	<u>4.80</u>	<u>4.80</u>
	3.65	3.73

	(₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 16</b>			
<b>INVENTORIES</b>			
(Refer D on Note No. 2.1)			
Stores & Spares		377.66	369.03
(a) Raw Materials		3240.62	2523.81
(Includes Goods in Transit ₹ 35.94 Lacs P.Y. ₹ 5.86 Lacs)			
(b) Packing Materials		1299.49	1444.92
(Includes Goods in Transit ₹ 30.47 Lacs P.Y. ₹ 2.83 Lacs)			
(c) Finished Goods		5050.12	4334.78
(Includes Goods in Transit ₹ 168.66 Lacs P.Y. ₹ 175.41 Lacs)			
		<u>9967.89</u>	<u>8672.54</u>
<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		28.95	99.92
Considered Doubtful	3.55		0.37
Less : Provided for	3.55		0.37
		<u>0.00</u>	<u>0.00</u>
		28.95	99.92
Other receivables			
Considered Good		1622.36	1437.50
		<u>1651.31</u>	<u>1537.42</u>
of the above debts (exceeding six months) -			
Secured Considered good		6.76	13.62
Unsecured Considered good		22.19	86.30
		<u>28.95</u>	<u>99.92</u>
of the above debts (Other receivables) -			
Secured Considered good		650.00	0.00
Unsecured Considered good		972.36	1437.50
		<u>1622.36</u>	<u>1437.50</u>
<b>NOTE – 18</b>			
<b>CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents</b>			
(Refer P on Note No 2.1)			
Balances with Banks			
On Current Accounts		45.82	38.65
Deposits / Margin Money Deposits with original maturity of less than three months		82.61	19.44
On Unpaid Dividend a/c		19.72	16.56
Cheques, Drafts on hand		27.79	0.84
Cash Balance on hand		16.49	22.26
		<u>192.43</u>	<u>97.75</u>
<b>Other Bank Balances</b>			
Deposits with original maturity for more than Three months		104.66	19.32
(Includes Security deposit with banks Rs 96.99 Lacs P. Y. Rs 18.64 Lacs)			
Margin Money deposit (towards guarantee and L C issued by banks)		58.63	44.74
		<u>163.29</u>	<u>64.06</u>
		355.72	161.81
Less : Deposits with original maturity of more than 12 months			
Amount disclosed under non – current assets (Refer Note 14)		57.67	49.09
		<u>298.05</u>	<u>112.72</u>





	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
<b>NOTE – 19</b>		
<b>REVENUE FROM OPERATIONS (GROSS)</b>		
<b>(Refer E (I) on Note 2.1)</b>		
Sale of Products (Refer Note below)		
Finished Goods	36917.83	32663.60
Sale of Services		
Income from Money Changing Business	5.48	5.37
Other Operating Revenues		
Export Licences / DEPB	157.78	107.83
Miscellaneous Sales	89.23	82.05
	<u>37170.32</u>	<u>32858.85</u>
<b>Details of Products sold</b>		
Finished Goods		
Ice Cream & Frozen Desserts	30377.19	27589.03
Fruit Pulp, Frozen Fruits, Vegetables & Ready to eat / serve	6540.64	5074.57
	<u>36917.83</u>	<u>32663.60</u>
Note -		
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))	43.78	439.67
Dividend Income		
On Long Term Investments	0.13	0.24
Net gain on Foreign Currency Translations and Transactions	0.00	52.55
Share of Profit of Partnership Firms #	0.00	19.14
Other Income		
Profit on Sale of Fixed Assets	20.86	6.16
Profit on sales of Investments	0.00	1.73
Excess Provision written back	46.11	48.82
Miscellaneous Income [Refer Note 27.3(b)]	45.52	152.47
	<u>156.40</u>	<u>720.78</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	3968.73	2927.59
Add : Purchases	21338.38	19059.89
	<u>25307.11</u>	<u>21987.48</u>
Less : Inventory at the end of the year	4540.11	3968.73
Cost of Materials consumed	<u>20767.00</u>	<u>18018.75</u>
<b>Details of Materials consumed -</b>		
Milk and Milk Products	5815.80	5100.74
Dry Fruits, Fresh Fruits & Vegetables	3885.04	3220.77
Packing Materials	5290.99	4296.27
Others	5775.17	5400.97
	<u>20767.00</u>	<u>18018.75</u>
<b>Details of Inventory -</b>		
Milk and Milk Products	2290.04	1649.73
Dry Fruits, Fresh Fruits & Vegetables	205.27	271.44
Packing Materials	1299.49	1444.92
Others	745.31	602.64
	<u>4540.11</u>	<u>3968.73</u>

	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
<b>NOTE – 22</b>		
<b>PURCHASE OF TRADED GOODS</b>		
Ready to eat / serve	234.04	155.63
Fruit Pulp,Frozen Fruits, Vegetables	403.04	1009.21
Others	7.69	18.12
	<u>644.77</u>	<u>1182.96</u>
<b>NOTE – 23</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>		
<b>Opening Stock :</b>		
Finished Goods	4334.78	3440.93
	<u>4334.78</u>	<u>3440.93</u>
<b>Closing Stock :</b>		
Finished Goods	5050.12	4334.78
	<u>5050.12</u>	<u>4334.78</u>
<b>Net Changes in Inventories</b>	<u>(715.34)</u>	<u>(893.85)</u>
<b>Details of Inventory - Finished Goods</b>		
Ice Cream & Frozen Desserts	2417.51	1821.24
Fruit Pulp,Frozen Fruits, Vegetables & Ready to eat / serve	2632.61	2513.54
	<u>5050.12</u>	<u>4334.78</u>
<b>NOTE – 24</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salary, Wages, Allowances & Bonus, etc	1612.66	1318.88
Contribution to Provident & other funds	134.48	101.74
Staff Welfare Expenses	148.07	116.56
	<u>1895.21</u>	<u>1537.18</u>
<b>NOTE – 25</b>		
<b>OTHER EXPENSES</b>		
Job Charges	1865.18	1666.11
Power & Fuel	2868.57	2552.11
Stores & Spares Consumption (Also Refer Note 27.11)	63.88	59.13
Repairs		
Building	34.32	64.22
Machinery	282.62	267.62
Excise Duty others	65.15	29.56
Rent	668.60	625.49
Rates & Taxes	39.56	22.80
Insurance	67.16	52.15
Payment to Auditors (Refer details below)	27.00	28.40
Freight, & Forwarding expenses	1929.43	1660.35
Provision for Doubtful Debts	3.18	0.00
Provision for Doubtful Advances	31.63	4.49
Bad Debts	0.00	0.07
Diminution in Value of Current Investments	0.00	0.41
Net loss on Foreign Currency Translation and Transactions	37.52	0.00
Share of Loss of Partnership Firms #	17.30	0.00
Other Expenses (Including Legal & Professional, Conveyance, Telephone, Postage, Printing & Stationery, etc)	1722.62	1466.26
# Amount of share of Loss in partnership firm have been accounted on the basis of unaudited financial statements of the partnership firm		
	<u>9723.72</u>	<u>8499.17</u>
<b>Payment to Auditors</b>		
As Auditor		
Audit Fees	12.00	12.00
Tax Audit Fees	5.00	5.00
Limited Review	1.69	2.25
In Other Capacity		
Taxation matters	2.25	1.32
Other services (certification fees)	5.23	6.95
Reimbursement of expenses	0.83	0.88
	<u>27.00</u>	<u>28.40</u>



	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
<b>NOTE – 26</b>		
<b>FINANCE COST</b>		
<b>(Refer G on Note 2.1)</b>		
Interest Expenses	2376.71	2275.73
Other Borrowing Cost	128.87	120.72
Amortisation of ancilliary borrowing costs	10.20	10.27
Net Loss on Foreign Currency Transactions and Translations	8.35	74.91
	<u>2524.13</u>	<u>2481.63</u>
<b>NOTE - 27 Additional Information to the Financial Statements</b>		
<b>27.1)[A] CONTINGENT LIABILITIES NOT PROVIDED FOR :</b>		
	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
I) Guarantees given by the company against Term Loans given to companies in which Directors are interested is ₹ 1809 Lacs (P.Y. ₹ 1474 Lacs). Outstanding against this as at 31.03.2014	758.91	782.40
II) i) <b>For Excise -</b>		
a) Related to a matter decided in favour of the company, against which the Excise department has preferred an appeal. Gross ₹ 8.86 Lacs (P.Y. ₹ 18.03 Lacs) Net of Tax	5.99	12.18
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.	4.49	5.99
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. ₹ 87.09 Lacs ) Net of Tax	58.83	58.83
iv) <b>For other Matters -</b>		
Gross ₹ 11.69 Lacs (P.Y. ₹ 9.39 Lacs) Net of Tax	7.90	6.34
v) Differential amount of custom/excise duty in respect of machinery purchased under EPCG scheme.	824.59	823.12
III) Other Money for which the Company is contingently liable		
i) Liability in respect of Bills Discounted with Third Party	4102.19	4755.91
ii) Liabilities in respect of Foreign Bills Purchased by Banks	62.84	71.24
Note :		
a) Future cash outflows in respect of A (II) (i) to (iv) above depends on ultimate settlement / conclusions with the relevant authorities.		
b) Future cash outflows in respect of A (II) (v) above depends if company is unable to fulfill export obligations between 2018-19 to 2023-24 of ₹ 4971.39 Lacs (P.Y. ₹ 4938.69 Lacs) for import made between the year of 2006-07 to 2013-14. 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.		

**[B] Particulars of dues of Sales Tax, Income Tax, Excise duty and Other Matters as at March 31, 2014, which have not been deposited.**

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

[ ₹ in Lacs]

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 (23.24)	1998-99	High Court
	Asst. dues	12.49 (12.49)	2000-01	Jt. Comm., S. Tax
	Asst. dues	15.74 (15.74)	2000-01	Dy. Comm., S. Tax
	Asst. dues	1.55 (1.55)	2001-02	Dy. Comm., S. Tax
	Asst. dues	0.60 (0.60)	2002-03	S. Tax Tribunal
	Asst. dues	2.39 (2.39)	2003-04	Jt. Comm., S. Tax
	Asst. dues	0.46 (0.46)	2003-04	Jt. Comm., S. Tax
	Asst. dues	3.67 (3.67)	2004-05	S. Tax Tribunal
	Total	60.14 (60.14)		
<b>(ii) FOR INCOME TAX</b>				
	Asst. dues	1.93 (1.93)	1996-97	High Court
	Asst. dues	3.12 (3.12)	1999-00	High Court
	Asst. dues	1.37 (1.37)	2006-07	Assessing Officer
	Asst. dues	0.00 (1.50)	2009-10	CIT-APPEALS
	Total	6.42 (7.92)		
<b>(iii) FOR Other Matters</b>				
	Demand	0.00 (6.55)	01/04/98 to 31/05/11	U.P. State Pollution Control Board
	Demand	0.75 (0.00)	20013-14	Criminal Misc. Writ petition (Food Safety)
	Total	0.75 (6.55)		
<b>(II) Decided in favour of the company but the department has preferred appeals.</b>				
i)	Excise Goods cleared with differential classification	4.58 (4.58)	1988-89	Asst. Commissioner
	Cenvat credit	4.28 (4.28)	2003-04	Asst. Commissioner
	Cenvat credit	0.00 (9.17)	2000-01	High Court, Hyderabad
	Total	8.86 (18.03)		
(ii)	I. Tax			
	I. Tax Asst.	50.46 (50.46)	1992-93	ITAT
		31.10 (31.10)	1993-94	ITAT
		7.84 (7.84)	1994-95	High Court

Name of Statute	Nature of dues	Amount	Period of which the amount relates	Forum where dispute is pending
		14.06 (14.06)	1995-96	High Court
		16.03 (16.03)	1996-97	High Court
		0.51 (0.51)	2001-02	High Court
		5.10 (5.10)	2002-03	High Court
		41.55 (41.55)	1997-98	High Court
	Total	166.65 (166.65)		

Note: Figures in brackets relate to previous year.

## 27.2) Commitments:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31<sup>st</sup> March, 2014:

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
Tangible Assets	151.22	186.29
Intangible Assets	105.49	169.50
	<u>256.71</u>	<u>355.79</u>

- b) Letter of credits and bank guarantees issued by banks and outstanding as on 31<sup>st</sup> March, 2014

886.81      470.85

- 27.3)a) For the year 2013-14, 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 ₹ 80.00 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) As per the Electricity Act, 2003 of 'Mandhyanchal Vidhyut Vitaran Nigam Limited, UPSSEB, Bareilly', the Company is entitled to get interest on electricity security deposit and the loadfactor rebate for the year of 1996-97 to 2013-14 and 2003-04 to 2013-14 respectively and not claimed in respective years. Hence, the company has accounted interest receivable on Electricity security Deposit of ₹ 12.26 Lacs as current year interest income and load factor rebate of ₹ 23.64 Lacs, Out of which ₹ 2.24 Lacs pertaining to the year 2013-14 has been reduced from the power & fuel expense of the year, and remaining ₹ 21.40 Lacs has been considered as the miscellaneous income.

## 27.4) Capitalisation of Expenditure:

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

	C. Year (₹ in Lacs)	P. Year (₹ in Lacs)
Employees Benefits expenses	6.46	15.12
Interest	57.02	51.18
Finance Cost (Bank TL Charges)	00.00	15.16
TOTAL	<u>63.48</u>	<u>81.46</u>

- 27.5) The company has written down the inventories to net realisable value during the year by ₹ 72.47 Lacs (Previous year ₹ 31.29 Lacs).

## 27.6) Disclosure as required under clause No.32 of Stock Exchange Listing Agreement :

Loans/Advances and Investments of the company :

Particulars	O/S.as at 31.03.2014 (₹ in Lacs)	Maximum O/S. during the year (₹ in Lacs)
(I) <b>SUBSIDIARY COMPANY</b>		
Vadilal Industries (USA) Inc.		
- Investments #	1.36 (11.74)	136.41 (11.74)
- Loan & Advance*#	196.93 (125.58)	196.93 (125.58)



Particulars	O/S.as at 31.03.2014 (₹ in Lacs)	Maximum O/S. during the year (₹ in Lacs)
<b>(II) PARTNERSHIP FIRMS WHERE SHARE IS MORE THAN 51 %</b>		
Vadilal Cold Storage		
- Investments	140.00	140.00
	(140.00)	(140.00)
- Loans & Advances	168.70	186.00
	(186.00)	(186.00)
<b>(III) Associates:</b>		
Vadilal Forex and Consultancy Services Ltd.		
- Investments	0.72	0.72
	(0.72)	(0.72)
- Loans & Advances	25.00	25.00
	(0.00)	(0.00)

\* 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 ₹ 136.41Lacs and by way of loans ₹ 196.93 Lacs for the purpose of initial development and long term growth. During the year subsidiary Company has incurred loss of ₹ 97.23 Lacs(Accumulated losses ₹ 243.39 Lacs). In view of long term involvement and expected increase in business of subsidiary, the company considers that the exposure will be fully realisable. However the company on prudence has recognised a provision for diminution in the value of long term investment of subsidiary company of ₹ 135.05 Lacs, which has been shown as an exceptional item in the profit and Loss statements of the year.

Note: Figures in bracket relate to previous year.

#### 27.7) PARTICULARS OF DERIVATIVE INSTRUMENTS :

- Derivative contracts entered into by the company and outstanding as on 31st March, 2014:
- All derivative and financial instruments acquired by the company are for hedging.
- Foreign currency exposure that are hedged by derivative instruments as on 31st March, 2014

PARTICULARS	C.Year	P.Year
Number of Buy Contract	4	1
Aggregate Amount	US \$ 666493.50 ₹ 400.56 Lacs	US \$ 48886.88 ₹ 26.59 Lacs

- Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2014

PARTICULARS	C.Year		P.Year	
	PAYABLE	RECEIVABLE	PAYABLE	RECEIVABLE
US \$	48753.80	653833.86	873010.83	1180492.28
EURO	0.00	30681.97	0.00	906.00
GBP	2900.00	439.09	2904.90	16459.06
TOTAL ₹ (IN LACS)	32.20	418.73	477.13	1133.38

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.

PARTICULARS	C.YEAR (₹ in Lacs )	P.YEAR (₹ in Lacs )
Principal amount due and remaining unpaid	82.05	--
Interest due on above and the unpaid interest#	--	--
Interest Paid	--	--
Payment made beyond the appointed day during the year	--	--
Interest due and payable for the period of delay -	--	--
Interest accrued and remaining unpaid	--	--
Amount of further interest remaining due and- payable in succeeding years	--	--

# Interest amount is not payable on the said outstanding amount, as per the final settlement with the party.

## 27.9)MANAGERIAL REMUNERATION

Salaries, Wages, Allowances, Bonus etc. includes ₹ 95.86 Lacs towards Managing Director's remuneration as per details given below.

	C.YEAR (₹ in Lacs)	P.YEAR (₹ in Lacs)
Salary	63.36	59.52
Commission #	0.00	5.69
Contribution to P.F.	7.60	7.14
Other perquisites in cash or kind	24.90	23.33
Total....	95.86	95.68

# The Company is not able to pay any commission to the Managing Directors, as during the financial year 2013-2014 the profit of the company is inadequate to pay the commission.

## 27.10) Consumption of Raw and Packing Materials :

	C.YEAR (₹ in Lacs)	%age	P.YEAR (₹ in Lacs)	%age
1) Imported	444.07	2.14	325.92	1.81
2) Indigenous	20322.93	97.86	17692.83	99.19
	20767.00	100.00	18018.75	100.00

## 27.11) STORES AND SPARES CONSUMED:

	C.YEAR (₹ in Lacs)	%age	P.YEAR (₹ in Lacs)	%age
1) Imported	6.87	10.75	16.83	28.46
2) Indigenous	57.01	89.25	42.30	71.54
	63.88	100.00	59.13	100.00

## 27.12) A) C.I.F.VALUE OF IMPORTS:-

a) Raw Materials and Packing Materials	393.52	342.61
b) Stores and Spares	24.03	26.12
c) Capital Goods	171.27	419.18

## B) EXPENDITURE IN FOREIGN CURRENCY: (on accrual basis)

i) Sales Promotion and Commission	29.54	29.87
ii) Travelling	12.46	27.77
iii) Freight	397.96	306.05
iv) Others	7.39	9.28

## C) EARNINGS IN FOREIGN CURRENCY:-

Export of Goods (F.O.B.Value)	4858.58	3487.49
-------------------------------	---------	---------

## 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	2012-13	2011-12
Number of non-resident shareholders	3	24
Number of shares held by them on which dividend is due	1317	18759
Amount remitted to bank accounts in India of non-resident shareholders - (₹ in Lacs)	0.02	0.28

## 27.14) MAT CREDIT ENTITLEMENT :

On the basis of the projection for future profit, the company project, to pay normal income tax within the specified period. Based on this assumption the company has taken MAT Credit of ₹ 89.94 Lacs (P.Y. ₹ 99.98 Lacs) and deducted from tax provision made during the year and shown as MAT credit entitlement of total amounting to ₹ 493.35 Lacs as on 31.3.14 (P.Y. ₹ 403.41 Lacs)

## 28) Disclosure under Accounting Standards

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

Amount of ₹ 85.41 Lacs is recognised as expense and included in "Employee Benefits Expenses" in the Statement of Profit and Loss.

### (ii) Defined Benefit Plans :

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

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Opening defined benefit Obligation as at 01.04.13	181.20	153.98
Service Cost	14.66	14.86
Interest Cost	14.95	13.09
Actuarial Losses (Gains)	26.66	6.91
Losses (Gains) on Curtailments	—	—
Liabilities extinguished on settlements	—	—
Benefits Paid	(7.30)	(7.64)
Closing defined benefit obligation as at 31.03.2014	230.17	181.20

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

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Opening fair value of plan assets as at 01.04.2014	84.55	84.66
Expected return	7.36	7.19
Actuarial gains(Losses)	(0.15)	0.34
Assets distributed on Settlements	—	—
Contribution by employer	0.29	00.00
Benefits paid	(7.30)	(7.64)
Closing balance of fair value of plan Assets as at 31.03.2014	84.75	84.55

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

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Amount to be recognised in Balance Sheet		
A) Present Value of Defined Benefit Obligation		
- Funded	84.75	84.55
- Unfunded	145.42	96.65
Total	230.17	181.20
Less: Fair Value of Plan Assets	84.75	84.55
- Unrecognised Past Service Costs	—	—
- Amount to be recognised as Liability	145.42	96.65
B) Amount Reflected in the Balance Sheet		
Liabilities	145.42	96.65
Assets	—	—
Net Liability/(Asset)	145.42	96.65

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

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
1. Current Service Cost	14.66	14.85
2. Interest cost	14.95	13.09
3. Expected return on plan assets	(7.36)	(7.20)
4. Net Actuarial Losses (Gains) recognised in a year	26.81	6.58
5. Past service cost	—	—
6. Losses (gains) on Curtailments and Settlement	—	—
Total included in Employees expenses	49.06	27.32
Actual return on plan assets	7.21	7.53

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

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

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

Particulars	Gratuity Plan Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)
Discount rate	9.25 %	8.25 %
Expected return on plan assets	8.70 %	8.70 %
Proportion of employees opting for early retirement/Attrition rate	5.00 %	2.00 %
Annual increase in salary costs	7.00 %	6.00 %

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

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

Gratuity Plan:- (₹ in Lacs)

Particulars	Current Year		Previous Years	
	2013-14	2012-13	2011-12	2010-11
Defined benefit Obligation	230.17	181.20	153.98	138.27
Plan assets	84.75	84.55	84.66	94.8
Surplus / (Deficit)	(145.42)	(96.65)	(69.32)	(43.62)
Experience adjustment on plan Liabilities	42.07	3.36	12.54	—
Experience adjustment on plan Assets	(0.15)	(0.34)	(0.99 )	—

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

- (h) The company expects to fund ₹ 30.00 Lacs towards gratuity plan and ₹ 41.00 Lacs towards provident fund plan during the year 2014-15.

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 (Till 21.09.2013)
- 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 Reality & 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
- iii) Aastha 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
<b>1</b>	<b>Sales :</b>						
i)	Vadilal Enterprises Ltd.	—	—	—	—	30951.61	30951.61
		(—)	(—)	(—)	(—)	(28,253.21)	(28,253.21)
ii)	Vadilal Industries (USA) Inc	398.22	—	—	—	—	398.22
		(452.11)	(—)	(—)	(—)	(—)	(452.11)
iii)	Others	—	—	—	—	105.04	105.04
		(—)	(—)	(—)	(—)	(84.02)	(84.02)
<b>2</b>	<b>Purchase :</b>						
i)	Ambica Dairy Products	—	—	—	—	245.74	245.74
		(—)	(—)	(—)	(—)	(163.41)	(163.41)
ii)	Majestic Farm House Ltd.	—	—	—	—	22.20	22.20
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
<b>3</b>	<b>Hire Charges/Rent paid :</b>						
i)	Vadilal Cold Storage	—	2.40	—	—	—	2.40
		(—)	(2.40)	(—)	(—)	(—)	(2.40)
<b>4</b>	<b>Rent Income :</b>						
	Vadilal Enterprises Ltd.	—	—	—	—	1.98	1.98
		(—)	(—)	(—)	(—)	(0.54)	(0.54)
<b>5</b>	<b>Interest paid :</b>						
i)	Vadilal Forex and Consultancy Services Ltd.	—	—	0.00	—	—	0.00
		(—)	(—)	(0.44)	(—)	(—)	(0.44)
ii)	Padm Complex Ltd.	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(0.02)	(0.02)
iii)	Veronica Constructions Pvt. Ltd.	—	—	—	—	9.12	9.12
		(—)	(—)	(—)	(—)	(212.97)	(212.97)
<b>6</b>	<b>Salary paid :</b>						
i)	Mamta R.Gandhi	—	—	—	5.51	—	5.51
		(—)	(—)	(—)	(5.61)	(—)	(5.61)
ii)	Kalpiti R. Gandhi	—	—	—	5.34	—	5.34
		(—)	(—)	(—)	(5.46)	(—)	(5.46)
iii)	Aastha R. Gandhi	—	—	—	4.61	—	4.61
		(—)	(—)	(—)	(0.00)	(—)	(0.00)
<b>7</b>	<b>Interest Income :</b>						
i)	Vadilal International Pvt.Ltd.	—	—	—	—	6.00	6.00
		(—)	(—)	(—)	(—)	(3.76)	(3.76)
ii)	Vadilal Forex and Consultancy Services Ltd.	—	—	—	—	0.05	0.05
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
iii)	Padm Complex Ltd.	—	—	—	—	0.03	0.03
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
<b>8</b>	<b>Share of profit/-loss in Partnership Firm</b>						
	Vadilal Cold Storage	—	-17.30	—	—	—	-17.30
		(—)	(19.14)	(—)	(—)	(—)	(19.14)
<b>9</b>	<b>Royalty paid/payable :</b>						
	Vadilal International Pvt. Ltd.	—	—	—	—	22.14	22.14
		(—)	(—)	(—)	(—)	(1.41)	(1.41)
<b>10</b>	<b>Loan &amp; Advance Given</b>						
i)	Vadilal Industries (USA) Inc	71.36	—	—	—	—	71.36
		(9.66)	(—)	(—)	(—)	(—)	(9.66)
ii)	Vadilal International Pvt. Ltd.	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(600.00)	(600.00)



(₹ 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
<b>11</b>	<b>Loan &amp; Advance Re-Paid</b>						
i)	Vadilal International Pvt.Ltd.	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(375.25)	(375.25)
<b>12</b>	<b>Intercompany Deposit Given</b>						
i)	Vadilal Forex and Consultancy Services Ltd.	—	—	25.00	—	—	25.00
		(—)	(—)	(0.00)	(—)	(—)	(0.00)
<b>13</b>	<b>Intercompany Deposit Received</b>						
i)	Veronica Constructions Pvt. Ltd	—	—	—	—	188.50	188.50
		(—)	(—)	(—)	(—)	(4112.25)	(4112.25)
ii)	Padm Complex Ltd.	—	—	—	—	0.40	0.40
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
<b>14</b>	<b>Intercompany Deposit Re-paid/Adjusted:</b>						
i)	Veronica Construction Pvt. Ltd.	—	—	—	—	1311.00	1311.00
		(—)	(—)	(—)	(—)	(5129.28)	(5129.28)
ii)	Vadilal Forex and Consultancy Services Ltd.	—	—	0.00	—	—	0.00
		(—)	(—)	(15.38)	(—)	(—)	(15.38)
<b>15</b>	<b>Security Deposit Received:</b>						
i)	Vadilal Enterprises Ltd.	—	—	—	—	650.00	650.00
		(—)	(—)	(—)	(—)	(0.00)	(0.00)
<b>16</b>	<b>Investment :</b>						
i)	Vadilal Industries (USA) Inc	124.67	—	—	—	—	124.67
		(0.00)	(—)	(—)	(—)	(—)	(0.00)
<b>B</b>	<b>Balance outstanding at year end :</b>						
<b>a)</b>	<b>Investments :</b>						
i)	Vadilal Industries (USA) Inc	1.36	—	—	—	—	1.36
		(11.74)	(—)	(—)	(—)	(—)	(11.74)
ii)	Others	—	140.00	0.72	—	1.87	142.59
		(—)	(140.00)	(0.72)	(—)	(1.87)	(142.59)
<b>b)</b>	<b>Receivable :</b>						
i)	Vadilal Enterprises Ltd.	—	—	—	—	739.96	739.96
		(—)	(—)	(—)	(—)	(832.37)	(832.37)
ii)	Vadilal Industries (USA) Inc	332.23	—	—	—	—	332.23
		(386.62)	(—)	(—)	(—)	(—)	(386.62)
iii)	Others	—	—	—	—	4.15	4.15
		(—)	(—)	(—)	(—)	(7.17)	(7.17)
	<b>Loans &amp; Advances Given:</b>						
i)	Vadilal International Pvt. Ltd.	—	—	—	—	600.00	600.00
		(—)	(—)	(—)	(—)	(600.00)	(600.00)
ii)	Vadilal Industries (USA) Inc	196.93	—	—	—	—	196.93
		(125.58)	(—)	(—)	(—)	(—)	(125.58)
iii)	Vadilal Cold Storage	—	168.70	—	—	—	168.70
		(—)	(186.00)	(—)	(—)	(—)	(186.00)
iv)	Vadilal Forex and Consultancy Services Ltd.	—	—	25.00	—	—	25.00
		(—)	(—)	(0.00)	(—)	(—)	(0.00)
v)	Padm Complex Ltd.	—	—	—	—	21.19	21.19
		(—)	(—)	(—)	(—)	(20.79)	(20.79)
	<b>Advance given to supplier:</b>						
i)	Ambica Dairy Products	—	—	—	—	0.55	0.55
		(—)	(—)	(—)	(—)	(14.03)	(14.03)
ii)	Majestic Farm House Ltd.	—	—	—	—	0.60	0.60
		(—)	(—)	(—)	(—)	(0.00)	(0.00)



(₹ 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
<b>c) Payable :</b>							
	ICD Taken:						
i)	Veronica Constructions Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	102.00 (1216.29)	102.00 (1216.29)
	Security Deposit Taken :						
i)	Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	650.00 (0.00)	650.00 (0.00)
	Trade Payables:						
i)	Vadilal Cold Storage	— (—)	7.04 (4.59)	— (—)	— (—)	— (—)	7.04 (4.59)
<b>d) Against corporate guarantee given :</b>							
	Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	1809.00 (1474.00)	1809.00 (1474.00)
<b>e) Against corporate guarantee taken:</b>							
i)	Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	800.00 (800.00)	800.00 (800.00)
ii)	Padm Complex & Volute Construction	— (—)	— (—)	— (—)	— (—)	9303.00 (9303.00)	9303.00 (9303.00)

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

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

c) (b)Represents towards deposit & receivable

d) Investment in subsidiary of ₹ 1.36 Lacs equals to \$ 2250 & Loans and advance made ₹ 196.93 Lacs equals to US \$ 383000.

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

f) Figures in brackets relate to previous year.

g) Outstanding balances are 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 (11.40)	9.50 (20.90)

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	142.55	597.42
Net Profit/(loss) for calculating basic /diluted EPS	142.55	597.42
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 01.04.2013	16.65	00.00	16.65
2)	Additional provision during 2013-14	00.00	00.00	00.00
3)	Provision used during 2013-14	00.00	00.00	00.00
4)	Provision reversed during 2013-14	00.00	00.00	00.00
5)	Balance as at 31.03.2014	16.65	00.00	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 : Chairman & Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 29, 2014

Place : Ahmedabad  
Date : May 29, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

Sr. No.	Particulars	Note	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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	10600.96	10562.85
	<b>Sub Total</b>		11319.74	11281.63
(2)	<b>Minority Interest</b>		8.20	8.55
(3)	<b>Deferred Government Grant</b>		19.19	22.38
(4)	<b>Non-Current liabilities</b>			
	(a) Long Term borrowings	4	8199.65	7560.96
	(b) Deferred tax liabilities(Net)	5	1419.59	1290.61
	(c) Long term provisions	6	98.06	53.97
	<b>Sub Total</b>		9717.30	8905.54
(5)	<b>Current liabilities</b>			
	(a) Short term borrowings	7	6064.59	7369.70
	(b) Trade payables	8	5890.98	3968.92
	(c) Other current liabilities	9	4323.51	3443.43
	(d) Short term provisions	6	289.86	250.56
	<b>Sub Total</b>		16568.94	15032.61
	<b>TOTAL</b>		37633.37	35250.71
II	<b>ASSETS</b>			
(1)	<b>Non-current assets</b>			
	(a) Fixed Assets :	10		
	i) Tangible assets		22478.45	20738.35
	ii) Intangible Assets		335.50	0.00
	iii) Capital Work - In - Progress		418.09	1496.78
	iv) Intangible Assets under development		0.00	134.07
	<b>Sub Total</b>		23232.04	22369.20
	(b) Non-current Investments	11	9.80	7.48
	(c) Long-term loans and advances	12	1405.22	1574.60
	(d) Other non-current assets	13	67.62	70.68
	<b>Sub Total</b>		24714.68	24021.96
(2)	<b>Current Assets</b>			
	(a) Current Investments	14	1.15	1.07
	(b) Inventories	15	10110.52	8801.66
	(c) Trade receivables	16	1527.27	1276.27
	(d) Cash & Bank balances	17	327.97	173.38
	(e) Short term Loans & Advances	12	735.18	714.96
	(f) Other Current Assets	13	216.60	261.41
	<b>Sub Total</b>		12918.69	11228.75
	<b>TOTAL</b>		37633.37	35250.71

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

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 29, 2014

For and on behalf of the Board

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

Place : Ahmedabad  
Date : May 29, 2014



# **CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Sr. No.	Particulars	Note	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
I	<b>Revenue From Operations (Gross)</b>	18	37539.52	33111.38
	Less : Excise Duty		808.80	745.31
	Revenue From Operations (Net)		36730.72	32366.07
	Other Income	19	156.40	725.03
	<b>Total Revenue (I) Sub Total</b>		<b>36887.12</b>	<b>33091.10</b>
II	<b>Expenses :</b>			
	Cost of Materials Consumed	20	20767.00	18018.75
	Purchases of stock-in-Trade	21	698.88	1200.28
	Changes in inventories of Finished goods and stock in trade	22	(728.86)	(949.47)
	Employee Benefits expenses	23	1963.46	1587.16
	Other Expenses	24	10017.27	8823.95
	<b>Total (II) Sub Total</b>		<b>32717.75</b>	<b>28680.67</b>
III	Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) (I-II)		4169.37	4410.43
IV	Finance Cost	25	2524.65	2481.92
	Depreciation and amortization expenses	10	1372.33	1161.35
	Less : Recoupment from Revaluation reserve / Deferred Government grant		81.36	53.53
	<b>Total (IV) Sub Total</b>		<b>1290.97</b>	<b>1107.82</b>
V	Profit before Exceptional & extraordinary items and tax (III-IV)		353.75	820.69
VI	Exceptional Items		0.00	0.00
VII	Profit before extraordinary items and tax (V-VI)		353.75	820.69
VIII	Extraordinary items		0.00	0.00
IX	Profit before Tax (VII-VIII)		353.75	820.69
X	Tax Expenses			
	(a) Current Tax		10.66	85.89
	(b) Deferred Tax charge / (release)		128.98	196.20
	(c) Short / (Excess) Provision of Tax / Deferred Tax of earlier years (Net)		(13.07)	38.28
	<b>Total (X) Sub Total</b>		<b>126.57</b>	<b>320.37</b>
XI	Profit for the year (IX - X)		227.18	500.32
XII	Profits applicable to Minority Interest		(0.35)	0.39
XIII	Share in Profit of Associate		2.32	2.61
XIV	Profit for the period (XI -XII + XIII)		229.85	502.54
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		3.16	6.96
	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 KANTILAL PATEL & CO.  
Chartered Accountants  
Firm Registration No.104744W

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 29, 2014

For and on behalf of the Board

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

Place : Ahmedabad  
Date : May 29, 2014

## CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	For the year ended 31.03.2014 (₹ in Lacs)	For the year ended 31.03.2013 (₹ in Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and Exceptional Items from continuing operations	353.75	820.69
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1372.33	1161.35
Withdrawn From Revaluation Reserve /	(81.36)	(53.53)
Deferred Government Grant		
Loss / (Profit) on sale of Assets	(20.86)	(6.16)
Loss / (Profit) on sale of Investments	0.00	(1.73)
Provision for Doubtful debts	3.18	0.00
Provision for Doubtful advances	31.63	4.49
Upfront Interest on restructuring of Loan	11.65	10.27
Diminution in value of Current Investments	(0.08)	0.41
Excess Provision written back	(46.11)	(48.82)
Dividend	(0.13)	(0.24)
Interest expenses	2524.65	2481.92
Interest Income	(43.78)	(457.20)
Exchange rate difference on consolidation	(29.48)	(7.16)
Operating Profit before working capital changes	4075.39	3904.29
Movements in working capital :		
Increase / (decrease) in trade payables	1922.06	(516.91)
Increase / (decrease) in long term provisions	44.09	19.78
Increase / (decrease) in short term provisions	8.78	13.97
Increase / (decrease) in other current liabilities	916.71	766.27
Decrease / (increase) in trade receivable	(254.18)	1973.84
Decrease / (increase) in inventories	(1308.86)	(2022.99)
Decrease / (increase) in long term loans and advances	282.83	(564.42)
Decrease / (increase) in short term loans and advances	(67.85)	78.71
Decrease / (increase) in other current assets	(27.54)	63.56
Cash Generated from / (used in) Operations	5591.43	3716.10
Direct taxes paid (net of refunds)	(38.47)	(253.76)
Cash flow before extraordinary items	5552.96	3462.34
Net Prior Year Expenses	0.00	0.00
Net Cash from / (used in) Operating Activities	5552.96	3462.34
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans given (Net)	15.99	30.71
Purchase of fixed assets	(2178.15)	(3019.39)
Sale of fixed assets	20.86	14.15
Purchase of Current Investments	(4.15)	(49.59)
Proceeds from Sale / maturity of Investments	0.00	48.27
Investments in bank deposits (having original maturity of more than three months)	(99.23)	75.44
Interest received	120.42	529.93
Dividend received	0.13	0.24
Net Cash flow from / (used in) Investing Activities	(2124.13)	(2370.24)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	2568.93	3513.47
Repayment of Long Term Borrowings	(1930.25)	(4300.06)
Proceeds of Short Term borrowings	2494.94	8062.67
Repayment of Short Term Borrowings	(3800.05)	(5667.63)
Interest paid	(2575.48)	(2525.99)
Dividends paid on equity shares	(104.66)	(105.83)
Tax on equity dividend paid	(18.32)	(17.49)
Net Cash used in Financing Activities	(3364.89)	(1040.86)
Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)	63.94	51.24
Op. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.07 lacs (P.Y. ₹ 2.06 lacs))	158.41	107.17
Cl. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.01 Lacs (P.Y. ₹. 0.07 lacs))	222.35	158.41
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Cash and Cheques on hand	45.01	24.19
<b>Balance With Banks</b>		
On Current Accounts	75.01	98.22
On Unpaid Dividend Accounts *	19.72	16.56
On Fixed / Margin Money Deposit Accounts	82.61	19.44
	<b>222.35</b>	<b>158.41</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.

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

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

Mayank S. Shah  
Partner  
Membership No.:44922  
Place : Ahmedabad  
Date : May 29, 2014

Place : Ahmedabad  
Date : May 29, 2014



# NOTE : 1

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

### A) ACCOUNTING CONVENTION :

The consolidated financial statements have been prepared in accordance with Accounting standard (AS) 21 - "Consolidated Financial Statements" and Accounting standard (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 (AS) 13 on Accounting for Investments.

### D) OTHER SIGNIFICANT ACCOUNTING POLICIES :

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

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

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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 2013: 1,50,00,000) equity shares of ₹ 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 2013: 71,88,230) equity shares of ₹ 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 2013: 71,87,830) equity shares of ₹ 10/- each	718.78	718.78
<b>Total paid-up share capital</b>	718.78	718.78



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

	31st March, 2014		31st March, 2013	
	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 2014, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 1.00 (31 March 2013: ₹ 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, 2014		31st March, 2013	
	Nos	% holding in the class	Nos	% holding in the class
Vadilal International Pvt. Ltd.	2809704.00	39.09%	2809704.00	39.09%

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

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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	6300.77	6351.10
Less : Amount transferred to the statement of profit and loss as reduction from depreciation	78.17	50.33
Closing Balance	6222.60	6300.77
<b>General Reserve</b>		
Balance as per last Financial Statements	3500.00	3200.00
Add : Amount transferred from surplus balance in the statement of profit and loss	100.00	300.00
Closing Balance	3600.00	3500.00
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Financial Statements	(10.92)	(3.76)
Less : Current Year Transfer	29.48	7.16
Closing Balance	(40.40)	(10.92)
<b>Surplus / (Deficit) in the statement of profit and loss</b>		
Balance as per last Financial Statements	276.89	200.49
Profit for the year	229.85	502.54
Less : Appropriations		
Proposed final equity dividend (amount per share ₹ 1.00 (P.Y. amount per share ₹ 1.50))	71.88	107.82
Tax on proposed equity dividend	12.21	18.32
Transferred to General reserve	100.00	300.00
Total Appropriations	184.09	426.14
Net Surplus / (Deficit) in the statement of profit and loss	322.65	276.89
Total Reserves and Surplus	10600.96	10562.85



	Non – Current		Current Maturities	
	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 4</b>				
<b>LONG TERM BORROWINGS</b>				
Term Loans				
From Banks (Secured)	6982.16	6219.67	1776.93	1579.84
From Financial Institutions (Secured)	350.00	615.63	265.63	287.50
From Others (Unsecured)	71.99	71.95	31.91	95.37
	<u>7404.15</u>	<u>6907.25</u>	<u>2074.47</u>	<u>1962.71</u>
Deposits (Unsecured)				
Public Fixed Deposits	795.50	653.71	265.53	311.39
	<u>795.50</u>	<u>653.71</u>	<u>265.53</u>	<u>311.39</u>
	<u>8199.65</u>	<u>7560.96</u>	<u>2340.00</u>	<u>2274.10</u>
The above amount includes :				
Secured borrowings	7332.16	6835.30	2042.56	1867.34
Unsecured borrowings	867.49	725.66	297.44	406.76
Less : Amount disclosed under the head "Other current Liabilities"			(2074.47)	(1962.71)
Note – 9				
Less : Amount disclosed under the head "Other current Liabilities"			(265.53)	(311.39)
Note – 9				
Net Amount	<u>8199.65</u>	<u>7560.96</u>	<u>0.00</u>	<u>0.00</u>

#### Repayment Schedule of Loans

	Sanctioned / Disbursed Amount	As at 31.03.2014	As at 31.03.2013	Rate of Interest	No of installment	Amount of installment
Term Loans From Banks						
IDBI Bank (Expansion Loan)	800.00	200.03	314.31	14.75%	6 Quarterly	28.57
					1 Quarterly	28.61
BOB	1000.00	550.00	750.00	13.00%	33 Monthly	16.67
BOB	1400.00	1143.33	1400.00	13.00%	49 Monthly	23.33
BOB	2000.00	2000.00	0.00	14.15%	71 Monthly	27.78
					1 Monthly	27.62
SBT	1000.00	715.25	933.00	13.75%	42 Monthly	16.75
					1 Monthly	11.75
SBT	1000.00	715.25	933.00	13.75%	42 Monthly	16.75
					1 Monthly	11.75
SBI (old loan)	775.00	129.40	269.28	14.45%	11 Monthly	10.76
					1 Monthly	11.04
SBI (Project)	1000.00	398.80	615.90	14.45%	23 Monthly	16.70
					1 Monthly	14.70
SBI (Project)	900.00	712.50	900.00	14.45%	19 Quarterly	37.50
SBI (Project)	2100.00	2044.25	1558.53	14.45%	36 Monthly	10.00
					32 Monthly	52.00
					1 Monthly	20.25
Vehicle Loans						
BOB	—	0.00	13.78	—		
HDFC	—	150.28	111.71	—	From 18 to 54 *	—
					Monthly Installments	
From Financial Institutions						
Exim	1000.00	550.00	750.00	13.75%	11 Quarterly	50.00
Exim	525.00	65.63	153.13	13.00%	3 Quarterly	21.87
Others						
IBM India	135.11	103.90	92.63	12.50%	11 Quarterly	7.83
Magma Finance	150.00	0.00	74.69		13 Quarterly	3.03
Total		<u>9478.62</u>	<u>8869.96</u>			
Fixed deposits		1061.03	965.10	10.25% to 13.00%	24 months to 36 months based on period of deposit	
* includes interest portion						

- A 1) Existing Term loans from IDBI, SBI and Exim Bank 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 and ₹ 21 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)
  - Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge) (Owned property)
  - Village Pundhra, Tal : Kalol, Dist. : Gandhinagar (Icecream Plant) (1st Charge) (Owned property)
  - Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (1st Charge) (Leased property)
  - Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (2nd charge) (Owned property)
  - Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2nd Charge) (Owned property)
  - Dharampur, Dist. : Valsad (New Land) (1st Charge) (Owned property)
  - Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 1st Charge) (Excluding specific plant & machineries)
  - Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 1st Charge)
  - Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) (Only on movable properties as 1st Charge)
- 2) New Term Loans aggregating to ₹ 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 and 21 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) Corporate Loan of ₹ 20 Crores from BOB is secured by hypothecation on movable properties of the Company as mentioned in Point No. (1) and (2) above by way of 1st / 2nd 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. has been duly repaid and the charge has been duly satisfied
- 6) Vehicle Loans are secured by hypothecation of vehicles.
- 7) The Term Loans are also secured by Personal Guarantee of some of the Directors of the Company and also guaranteed by Three Companies

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ 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	1549.36	1352.30
Others	10.58	12.77
	<u>1559.94</u>	<u>1365.07</u>
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	53.50	60.21
Unabsorbed depreciation	60.68	--
Others	26.17	14.25
	<u>140.35</u>	<u>74.46</u>
Deferred Tax Liability (Net)	<u>1419.59</u>	<u>1290.61</u>

	Long term		Short term	
	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 6</b>				
<b>PROVISIONS</b>				
<b>Employee Benefits :</b>				
Provision for Gratuity	98.06	53.97	47.36	42.68
Compensated absences	0.00	0.00	59.20	55.10
<b>Others :</b>				
Income Tax Less Advance Tax (Current Tax)	0.00	0.00	82.56	9.99
Proposed Equity Dividend	0.00	0.00	71.88	107.82
Provision for Tax on Proposed Equity Dividend	0.00	0.00	12.21	18.32
Other Provisions	0.00	0.00	16.65	16.65
	<u>98.06</u>	<u>53.97</u>	<u>289.86</u>	<u>250.56</u>



	(₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>Note – 7</b>			
<b>SHORT TERM BORROWINGS</b>			
Loans Repayable on Demand			
From Banks			
Working Capital Loans (Secured)		4982.24	5056.55
		4982.24	5056.55
Loans from Related Parties (Unsecured) (Refer Note 27.2)		102.00	1216.29
Deposits (Unsecured)			
Public Fixed Deposits	665.35		621.86
Inter Corporate deposits	315.00		475.00
		980.35	1096.86
		6064.59	7369.70
The above amount includes :			
Secured borrowings		4982.24	5056.55
Unsecured borrowings		1082.35	2313.15
		6064.59	7369.70

- A 1) Working Capital facilities from consortium banks namely BOB, SBI, SBT, IDBI 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 :-
- Dudheshwar, Ahmedabad (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
  - Dharampur, Dist. : Valsad (Canning Unit) (2<sup>nd</sup> Charge) (Owned property)
  - Basement and 3rd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2<sup>nd</sup> Charge) (Owned property)
  - Village Pundhra, Taluka Kalol, Dist. : Gandhinagar (Icecream Plant) (2<sup>nd</sup> Charge) (Owned property)
  - Unit - I, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (2<sup>nd</sup> Charge) (Leased property)
  - Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant & machineries) (1<sup>st</sup> charge) (Owned property)
  - Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1<sup>st</sup> Charge) (Owned property)
  - 4 Flats No. 801 to 804, Maruti Centre, Gurukul, Drive-in Road, Ahmedabad (Flats) (1<sup>st</sup> Charge) (Owned property)
  - Unit - II, Parsakhera Industrial Estate, Bareilly, U.P. (Icecream Plant) (Only on movable properties as 2<sup>nd</sup> Charge) (Excluding specific plant & machineries)
  - Gomtipur, Ahmedabad (earlier in Gujarat Cup Company, a Partnership Firm) (Only on movable properties as 2<sup>nd</sup> Charge)
  - Gomtipur, Ahmedabad (earlier in Vadilal Cone Company) ( Only on movable properties as 2<sup>nd</sup> Charge)
  - Dharampur, Dist : Valsad (New land) (2<sup>nd</sup> charge) (Owned property)
  - Bareilly, Parsakhera 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 1<sup>st</sup> 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 @ 13.00 % to 14.50 %
- 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 @11.00 % to 16.00%
- F Fixed deposits are repayable for 12 months and carry interest @10.25 %

#### NOTE – 8

#### TRADE PAYABLES

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
Micro Small and Medium Enterprises	90.61	0.00
Others	5800.37	3968.92
	5890.98	3968.92

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term debts (Refer Note 4)		
From Banks	1776.93	1579.84
From Financial Institutions	265.63	287.50
From Others	31.91	95.37
Public Deposits (Refer Note 4)	265.53	311.39
Interest Accrued but not due on borrowings	109.71	108.93
Interest Accrued and due on borrowings	91.53	86.12
Unclaimed Dividends *	19.72	16.56
Unclaimed Matured deposits and Interest accrued thereon * #	36.49	38.89
Payable for Capital Goods	351.06	280.42
Other Payables -		
Statutory dues payable	380.10	306.60
Advance from Customers	32.12	26.82
Security Deposits from Customers	875.12	213.09
Others	87.66	91.90
	<b>4323.51</b>	<b>3443.43</b>

\* Does not include any amounts outstanding as on 31.03.2014 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 31.03.2014, which is held in abeyance due to legal case pending

#### NOTE – 10

#### FIXED ASSETS

₹ in Lacs

Particulars	Land Freehold	Land Leasehold	Building	Lease hold Improvements	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>I Cost or Valuation -</b>									
At 31st March, 2013	4378.67	1328.87	7369.80	16.62	16109.78	162.38	535.21	334.46	30235.79
Additions	0.00	0.00	241.54	0.51	2721.11	37.51	84.27	1.32	3086.26
Disposals	0.00	0.00	0.00	0.00	48.11	0.00	0.02	7.66	55.79
At 31st March, 2014	4378.67	1328.87	7611.34	17.13	18782.78	199.89	619.46	328.12	33266.26
<b>II Depreciation -</b>									
At 31st March, 2013	0.00	8.96	2775.97	0.00	6145.74	115.97	307.38	143.42	9497.44
Additions	0.00	38.04	160.74	1.85	1076.69	8.56	34.08	26.20	1346.16
Disposals	0.00	0.00	0.00	0.00	48.11	0.00	0.02	7.66	55.79
At 31st March, 2014	0.00	47.00	2936.71	1.85	7174.32	124.53	341.44	161.96	10787.81
<b>III Net Block</b>									
At 31st March, 2014	4378.67	1281.87	4674.63	15.28	11608.46	75.36	278.02	166.16	22478.45
At 31st March, 2013	4378.67	1319.91	4593.83	16.62	9964.04	46.41	227.83	191.04	20738.35

II Intangible Assets			(₹ in Lacs)		
Particulars		Software & development Costs	Particulars		Software & development Costs
A Cost or Valuation -			III Capital Work In Progress		
At 31st March, 2013		0.00	At 31st March, 2013		1496.78
Additions		361.67	Additions		418.09
Deductions		0.00	Deductions		1496.78
At 31st March, 2014		361.67	At 31st March, 2014		418.09
B Amortisation -			IV Intangible Assets under development		
At 31st March, 2013		0.00	At 31st March, 2013		134.07
Additions		26.17	Additions		133.96
Deductions		0.00	Deductions		268.03
At 31st March, 2014		26.17	At 31st March, 2014		0.00
C Net Block					
At 31st March, 2014		335.50			
At 31st March, 2013		0.00			

#### 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 ₹ 57.02 lacs (P.Y. ₹ 51.18 lacs) and shown in additions to fixed Assets ₹ 57.02 Lacs (P.Y. ₹ 12.58 Lacs), in additions to Capital work in progress ₹ Nil (P.Y. ₹ 38.60 Lacs) and in Intangible Assets under development ₹ Nil (P.Y. ₹ 7.91 Lacs)

IV Capital Work in progress includes -

₹ 418.09 Lacs (P.Y. ₹ 1427.90 Lacs) on account of Construction materials and Plant & machinery under installation at site  
₹ Nil (P.Y. ₹ 68.88 Lacs) on account of expenses incurred during Construction period as under :

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
Opening Balance	68.88	0.00
Add :		
Expenses Incurred towards acquisition of Fixed assets	6.46	30.28
Interest Capitalised	57.02	51.18
Less :		
Capitalised during the year	63.48	81.46
	132.36	12.58
Closing Balance (Included in capital work in progress)	0.00	68.88

#### NOTE – 11

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

Trade Investments (valued at cost unless stated otherwise)

Unquoted equity instruments

Others

(a) 72500 (P.Y. 72500) equity shares of ₹ 10 each fully paid up In Vadilal Forex and consultancy services Ltd. (At cost less provision for other than temporary diminution ₹ 6.53 Lacs (P.Y. ₹ 6.53 Lacs) Add : Accumulated Profits since 2012-13 onwards	0.72	0.72
	4.93	2.61
	5.65	3.33

Non trade Investments (valued at cost unless stated otherwise)

Government and Trust Securities

Unquoted

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

Other Investments

Equity Instruments

Unquoted

(a) 74100 (P.Y. 74100) equity shares of ₹ 10 each fully paid up In Majestic Farm House Ltd.	1.87	1.87
(b) 280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Padm Complex Ltd.	0.03	0.03
(c) 280 (P.Y. 280) equity shares of ₹ 10 each fully paid up In Volute Constructions Ltd.	0.03	0.03
(d) 4195 (P.Y. 4195) equity shares of ₹ 25 each fully paid In Textile Traders Coop. Bank Ltd.	1.05	1.05
(e) 3540 (P.Y. 3540) equity shares of ₹ 25 each fully paid In Siddhi Coop. Bank Ltd.	0.89	0.89
	9.80	7.48

Aggregate amount of unquoted investments

	9.80	7.48
--	------	------

Non – Current

Current

As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
------------------------------------	------------------------------------	------------------------------------	------------------------------------

#### NOTE – 12

##### LOANS AND ADVANCES

Unsecured, Considered good unless otherwise stated

Capital Advances

Loans and Advances to related parties (Refer Note 27.2)

Advances recoverable in cash or in kind  
or for value to be received (Refer Note 27.2)

Considered Good	0.00	0.00	438.43	474.56
Considered Doubtful	0.00	0.00	41.13	13.99
Less : Provided for :	0.00	0.00	41.13	13.99
	0.00	0.00	0.00	0.00
	0.00	0.00	438.43	474.56



	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
Other Loans and Advances				
Loans to employees	1.64	0.44	6.42	7.23
Prepaid Expenses	1.26	0.90	111.07	62.91
Deposits with Government Authorities	68.00	70.59	0.00	0.00
Advance Income Tax less Provisions	68.37	44.86	0.00	0.00
MAT Tax entitlement	493.35	403.41	0.00	0.00
Other Trade / Security Deposits (Refer Note 27.2)	680.10	670.53	0.00	0.00
Loans in Current Account	0.00	0.00	154.26	170.26
Inter Corporate Deposit	0.00	0.00	25.00	0.00
	<u>1312.72</u>	<u>1190.73</u>	<u>296.75</u>	<u>240.40</u>
	<u>1405.22</u>	<u>1574.60</u>	<u>735.18</u>	<u>714.96</u>
Loans and Advances to related parties include -				
Others	0.51	0.10	0.00	0.00
	<u>0.51</u>	<u>0.10</u>	<u>0.00</u>	<u>0.00</u>
<b>NOTE – 13</b>				
<b>Other Assets</b>				
Unsecured, Considered good unless otherwise stated				
Deposits with original maturity for more than 12 months	57.67	49.09	0.00	0.00
Non Current bank balances (Refer Note No. 17)				
Unamortised Borrowing cost	9.95	21.59	11.64	11.65
Interest Receivable	0.00	0.00	23.06	99.70
Export Benefits Receivable	0.00	0.00	82.50	83.68
Subsidy Receivable	0.00	0.00	99.40	66.38
	<u>67.62</u>	<u>70.68</u>	<u>216.60</u>	<u>261.41</u>
			<b>As At 31.03.2014 (₹ in Lacs)</b>	<b>As At 31.03.2013 (₹ in Lacs)</b>
<b>NOTE – 14</b>				
<b>CURRENT INVESTMENTS (Valued at lower of cost and fair value)</b>				
Quoted Equity Instruments				
(a) 400 (P.Y. 400) equity shares of ₹ 10 each fully paid-up In Aminex Chemicals Ltd.			0.04	0.04
(b) 15 (P.Y. 15) equity shares of ₹ 10 each fully paid-up In Century Enka Ltd			0.06	0.06
(c) 60 (P.Y. 60) equity shares of ₹ 10 each fully paid-up In Essar Steel Ltd.			0.01	0.01
(d) 200 (P.Y. 200) equity shares of ₹ 10 each fully paid-up In Golden Agro Tech Industries Ltd.			0.02	0.02
(e) 100 (P.Y. 100) equity shares of ₹ 10 each fully paid-up In Great Eastern Shipping Co.Ltd.			0.04	0.04
(f) 25 (P.Y. 25) equity shares of ₹ 10 each fully paid-up in Great Offshore Ltd.			0.01	0.01
(g) 25000 (P.Y. 25000) equity shares of ₹ 1 each fully paid-up In Interface Financial Services Ltd.			2.00	2.00
(h) 120 (P.Y. 120) equity shares of ₹ 2 each fully paid-up In Matrix Laboratories Ltd.			0.64	0.64
(i) 49000 (P.Y. 49000) equity shares of ₹ 1 each fully paid-up In Radhe Developers Ltd.			0.49	0.49
(j) 2500 (P.Y. 2500) equity shares of ₹ 10 each fully paid-up In Saket Projects Ltd.			0.25	0.25
k) 900000 (P.Y. 900000) equity shares of ₹ 1 each fully paid-up In Sanara Media Ltd.			1.24	1.24
			<u>4.80</u>	<u>4.80</u>
Less : Diminution in value of Investments			3.65	3.73
Total (II)			<u>1.15</u>	<u>1.07</u>
Aggregate amount of quoted investments (Market value ₹ 1.62 Lacs (P.Y. ₹ 1.26 Lacs)			4.80	4.80
Aggregate provision for diminution in value of Investments			3.65	3.73



	(₹ in Lacs)	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 15</b>			
<b>INVENTORIES</b>			
Stores & Spares		377.66	369.04
Raw Materials		3240.62	2523.81
(Includes Goods in Transit ₹ 35.94 Lacs P.Y. ₹ 5.86 Lacs)			
Packing Materials		1299.49	1444.92
(Includes Goods in Transit ₹ 30.47 Lacs P.Y. ₹ 2.83 Lacs)			
Finished Goods		5192.75	4463.89
(Includes Goods in Transit ₹ 168.66 Lacs P.Y. ₹ 175.41 Lacs)			
		<u>10110.52</u>	<u>8801.66</u>
<b>NOTE – 16</b>			
<b>TRADE RECEIVABLES</b>			
Unsecured, Considered good unless otherwise stated			
Outstanding for a period exceeding six months from the date they are due for payment			
Considered Good		28.95	56.06
Considered Doubtful	3.55		0.37
Less : Provided for	<u>3.55</u>		<u>0.37</u>
		<u>0.00</u>	<u>0.00</u>
		28.95	56.06
Other receivables			
Unsecured considered Good		1498.32	1220.21
		<u>1527.27</u>	<u>1276.27</u>
of the above debts (exceeding six months) -			
Secured Considered good		6.76	13.62
Unsecured Considered good		22.19	42.44
		<u>28.95</u>	<u>56.06</u>
of the above debts (Other receivables) -			
Secured Considered good		650.00	0.00
Unsecured Considered good		848.32	1220.21
		<u>1498.32</u>	<u>1220.21</u>
<b>NOTE – 17</b>			
<b>CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents</b>			
Balances with Banks			
On Current Accounts		75.01	98.22
Deposits with original maturity of less than three months		82.61	19.44
On Unpaid Dividend a/c		19.72	16.56
Cheques, Drafts on hand		27.79	0.84
Cash Balance on hand		17.22	23.35
		<u>222.35</u>	<u>158.41</u>
<b>Other Bank Balances</b>			
Deposits with original maturity for more than three months		104.66	19.32
(Includes Security deposit with bank Rs 96.99 Lacs P.Y. Rs 18.64 Lacs)			
Margin Money deposit (towards guarantee and LC issued by banks)		58.63	44.74
		<u>163.29</u>	<u>64.06</u>
		<u>385.64</u>	<u>222.47</u>
Less : Deposits with original maturity of more than 12 months		57.67	49.09
Amount disclosed under non – current assets (Refer Note 14)		<u>327.97</u>	<u>173.38</u>

	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 18</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products (Refer Note below)		
Finished Goods	37133.08	32725.83
Sale of Services	5.48	5.37
Income from Money Changing Business		
Other Operating Revenues		
Export Licences / DEPB	157.78	107.83
Miscellaneous Sales	89.23	82.05
Others	153.95	190.30
	<u>37539.52</u>	<u>33111.38</u>
<b>Details of Products sold</b>		
Finished Goods		
Ice Cream & Frozen Desserts	30377.19	27589.03
Fruit Pulp, Frozen Fruits & Vegetables	6755.89	5136.80
	<u>37133.08</u>	<u>32725.83</u>
Note - 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 – 19</b>		
<b>OTHER INCOME</b>		
Interest Income	43.78	457.20
Dividend Income		
On Long Term Investments	0.13	0.24
Net gain on foreign currency translations and transactions	0.00	52.55
Profit on Sale of Fixed Assets	20.86	6.16
Profit on Sale of Investment	0.00	1.73
Excess Provision written back	46.11	48.82
Miscellaneous Income	45.52	158.33
	<u>156.40</u>	<u>725.03</u>
<b>NOTE – 20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	3968.73	2927.59
Add : Purchases	21338.38	19059.89
	<u>25307.11</u>	<u>21987.48</u>
Less : Inventory at the end of the year	4540.11	3968.73
Cost of Materials consumed	<u>20767.00</u>	<u>18018.75</u>
<b>Details of Materials consumed -</b>		
Milk and Milk Products	5815.80	5100.74
Dry Fruits, Fresh Fruits & Vegetables	3885.04	3220.77
Packing Materials	5290.99	4296.27
Others	5775.17	5400.97
	<u>20767.00</u>	<u>18018.75</u>
<b>Details of Inventory -</b>		
Milk and Milk Products	2290.04	1649.73
Dry Fruits, Fresh Fruits & Vegetables	205.27	271.44
Packing Materials	1299.49	1444.92
Others	745.31	602.64
	<u>4540.11</u>	<u>3968.73</u>
<b>NOTE – 21</b>		
<b>PURCHASE OF TRADED GOODS</b>		
Ready to eat / serve	234.04	155.63
Fruit Pulp, Frozen Fruits & Vegetables	457.15	1009.21
Others	7.69	35.44
	<u>698.88</u>	<u>1200.28</u>



	As At 31.03.2014 (₹ in Lacs)	As At 31.03.2013 (₹ in Lacs)
<b>NOTE – 22</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE</b>		
<b>Opening Stock :</b>		
Finished Goods	4463.89	3514.42
	<u>4463.89</u>	<u>3514.42</u>
<b>Closing Stock :</b>		
Finished Goods	5192.75	4463.89
	<u>5192.75</u>	<u>4463.89</u>
<b>Net Changes in Inventories</b>	<u>(728.86)</u>	<u>(949.47)</u>
<b>Details of Inventory -</b>		
<b>Finished Goods</b>		
Ice Cream & Frozen Desserts	2417.51	1820.62
Fruit Pulp, Frozen Fruits & Vegetables	2775.24	2643.27
	<u>5192.75</u>	<u>4463.89</u>
<b>NOTE – 23</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salary, Wages, Allowances & Bonus, etc	1680.91	1364.71
Contribution to Provident & other funds	134.48	105.88
Staff Welfare Expenses	148.07	116.57
	<u>1963.46</u>	<u>1587.16</u>
<b>NOTE – 24</b>		
<b>OTHER EXPENSES</b>		
Job Charges	1865.18	1666.11
Power & Fuel	2968.57	2663.33
Stores & Spares Consumption	65.14	59.96
Repairs		
Building	41.93	74.01
Machinery	289.88	276.83
Excise Duty Others	65.15	29.56
Rent	769.15	651.46
Rates & Taxes	41.24	23.77
Insurance	76.68	60.80
Payment to Auditors	27.15	28.40
Freight, Forwarding and other distribution expenses	1952.43	1692.03
Provision for Doubtful Advances	34.81	4.49
Bad Debts	0.24	0.07
Diminution in Value of Short Term Investments	0.00	0.41
Net loss on Foreign Currency Translations and Transactions	37.52	0.00
Other Expenses (Including Legal & Professional, Conveyance, Telephone, Postage, Printing & Stationery, etc)	1782.20	1592.72
	<u>10017.27</u>	<u>8823.95</u>
<b>NOTE – 25</b>		
<b>FINANCE COST</b>		
Interest Expenses	2376.87	2275.80
Other Borrowing Cost	129.23	120.94
Amortisation of ancilliary borrowing costs	10.20	10.27
Net Loss on foreign currency transactions and translations	8.35	74.91
	<u>2524.65</u>	<u>2481.92</u>

## 26) Additional Information to the Financial Statements

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

Name	Country of Incorporation	Proportion of ownership interest
Vadilal Industries Inc.*	USA	100.00 %

Statement of Financial Information of Vadilal Industries (USA) Inc. a Wholly owned Subsidiary Company as on 31st March, 2014 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*	13640634	225000.00
2	Reserve**	-31554828	-525037.74
3	Total Assets**	39418488	655881.66
4	Total Liabilities**	39418488	655881.66
5	Details of Investments (Except in case of investment in the subsidiary)	Nil	Nil
6	Turnover***	62469150	1032547.94
7	Profit/Loss Before Tax***	-11688129	-193192.21
8	Provision for Income Tax***	151490	2503.96
9	Profit/Loss After Taxation***	-11839618	-195696.17
10	Proposed Dividend	Nil	Nil
11	Country	New Jersey(USA) San Francisco (USA)	

\* Rate of Exchange (Initial) 1 USD = ₹ 60.63

\*\* Rate of Exchange 1 USD = ₹ 60.10 (Closing Rate)

\*\*\*Rate of Exchange 1 USD = ₹ 60.50 (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 ) P. Year
I) Guarantees given by the company against Term Loans given to companies in which Directors are interested is ₹ 1809 Lacs (P.Y. ₹ 1474 Lacs). Outstanding against this as at 31.03.2014	758.91	782.40
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 ₹ 8.86 Lacs (P.Y. ₹ 18.03 Lacs) Net of Tax	5.99	12.18
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.	4.88	5.99
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. ₹ 87.09 Lacs ) Net of Tax	58.83	58.83
iv) <b>For other Matters -</b>		
Gross ₹ 11.69 Lacs (P.Y. ₹ 9.39 Lacs) Net of Tax	7.90	6.34
v) Differential amount of custom/excise duty in respect of machinery purchased under EPCG scheme.	824.59	823.12
III) Other Money for which the Company is contingently liable		
i) Liability in respect of Bills Discounted with third Party	4102.19	4755.91
ii) Liabilities in respect of Foreign Bills Purchased by Banks	62.84	71.24

Note : a) Future cash outflows in respect of (II) (i) to (iv) above depends on ultimate settlement / conclusions with the relevant authorities.

b) Future cash outflows in respect of (II) (v) above depends if company is unable to fulfill export obligations between 2018-19 to 2023-24 of ₹ 4971.39 Lacs (P.Y. ₹ 4938.69 Lacs) for import made between the year of 2006-07 to 2013-14. 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 (III) above depends if Vendors are unable to fulfill the liability.

- 26.4) a) For the year 2013-14, 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 ₹ 80.00 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) As per the Electricity Act, 2003 of 'Mandhyanchal Vidhyut Vitaran Nigam Limited, UPSSEB, Bareilly', the Company is entitled to get interest on electricity security deposit and the load factor rebate for the year of 1996-97 to 2013-14 and 2003-04 to 2013-14 respectively and not claimed in respective years. Hence, the company has accounted interest receivable on Electricity security Deposit of ₹ 12.26 Lacs as current year interest income and load factor rebate of ₹ 23.64 Lacs, Out of which ₹ 2.24 Lacs pertaining to the year 2013-14 has been reduced from the power & fuel expense of the year, and remaining ₹ 21.40 Lacs has been considered as the miscellaneous income.

**26.5) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

- a) Derivative contracts entered into by the company and outstanding as on 31st March, 2014.
- 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, 2014 -

PARTICULARS	C.Year	P.Year
Number of Buy Contract	4	1
Aggregate Amount	US \$ 666493.50 ₹ 419.65 Lacs	US \$ 48886.88 ₹ 26.59 Lacs

- iii) Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2014

PARTICULARS	C.Year		P.Year	
	PAYABLE	RECEIVABLE	PAYABLE	RECEIVABLE
US \$	48753.80	653833.86	873010.83	1180492.28
EURO	0.00	30681.97	0.00	906.00
GBP	2900.00	439.09	2904.90	16459.06
TOTAL ₹ (IN LACS)	32.20	418.73	477.13	1133.38

- 26.6) The company has written down the inventories to net realisable value during the year by ₹ 72.47 Lacs (Previous year ₹ 31.29 Lacs ).

**26.7) MAT CREDIT ENTITLEMENT :**

On the basis of the projection for future profit, the company project, to pay normal income tax within the specified period. Based on this assumption the company has taken MAT Credit of ₹ 89.94 Lacs (P.Y. ₹ 99.98 Lacs) and deducted from tax provision made during the year and shown as MAT credit entitlement of total amounting to ₹ 493.35 Lacs as on 31.3.14 (P.Y. ₹ 403.41 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	29328.94	7242.35	159.43	0.00	36730.72
		(26,486.76)	(5,683.62)	(195.69)	(0.00)	(32366.07)
	Inter segment		109.44		-109.44	0.00
			(130.52)		(-130.52)	0.00
	Other segment Income	72.71	39.79	0.00	0.00	112.50
		(60.63)	(205.23)	(0.01)	(0.00)	(265.87)
	Total segment revenue	29401.65	7391.58	159.43	-109.44	36843.22
		(26547.39)	(6019.37)	(195.70)	(-130.52)	(32631.94)
b)	SEGMENT RESULTS	3102.44	1.13	-19.92	0.00	3083.65
		(3,016.09)	(51.68)	(6.18)	0.00	(3073.95)
	Unallocated Expenditure net of unallocated income					205.25
						(-228.66)
	Operating profit					2878.40
						(3302.61)
	Interest Expense					2524.65
						(2,481.92)
	Taxation for the year					10.66
	- Current /MAT Tax					(85.89)
	- Deferred Tax					128.98
						(196.20)
	- Short/Excess provision of I.Tax of earlier years					-13.07
						(38.28)



SR. PARTICULARS NO.	ICE CREAM	PROCESSED FOODS	OTHERS	ELIMI- NATION	TOTAL
- Minority Interest					-0.35 (0.39)
- Share of Profit in Associate					2.32 (2.61)
Net Profit/ (Loss)					229.85 (502.54)
c) SEGMENT ASSETS	26607.48 (24835.70)	9401.64 (8873.93)	186.31 (190.81)	0.00 0.00	36195.43 (33900.44)
Unallocated Assets					1437.93 (1350.71)
Total Assets					37633.36 (35251.15)
d) SEGMENT LIABILITIES	6943.90 (4231.26)	881.97 (811.52)	8.78 (10.78)	0.00 0.00	7834.65 (5053.56)
Unallocated liabilities					18478.97 (18915.96)
Total Liabilities					26313.62 (23969.52)
e) Cost incurred during the period to acquire segment fixed assets	2832.24 (3452.49)	667.91 (305.14)	4.20 (15.11)		3504.35 (3772.74)
f) Depreciation/Amortisation	1050.74 (926.80)	229.05 (223.99)	7.08 (5.29)		1286.87 (1156.08)
g) Non cash expenses other than depreciation/amortisation	34.19 (4.49)	0.62 (0.00)	0.00 (0.00)		34.81 (4.49)

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 Geographical Area No	Current Year	Previous Year
1 India	31448.05	28471.56
2 Outside India	5282.67	3801.56
	36730.72	32366.07

#### 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 (Till 21.9.13)
  - 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 Constructions Ltd.
  - Ambica Dairy Products
- Relative of key Management Personnel :
  - Mamta R Gandhi
  - Kalpiti R Gandhi
  - Aastha 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
<b>1</b>	<b>Sales :</b>				
i)	Vadilal Enterprises Ltd.	— (—)	— (—)	30951.61 (28,253.21)	30951.61 (28,253.21)
ii)	Others	—	—	105.04 (84.02)	105.04 (84.02)
<b>2</b>	<b>Purchase :</b>				
i)	Ambica Dairy Products	— (—)	— (—)	245.74 (163.41)	245.74 (163.41)
ii)	Majestic Farm House Ltd.	— (—)	— (—)	22.20 (0.00)	22.20 (0.00)
<b>3</b>	<b>Rent Income :</b>				
	Vadilal Enterprises Ltd.	— (—)	— (—)	1.98 (0.54)	1.98 (0.54)
<b>4</b>	<b>Interest paid :</b>				
i)	Vadilal Forex and Consultancy Services Ltd.	0.00 (0.44)	— (—)	— (—)	0.00 (0.44)
ii)	Padm Complex Ltd.	— (—)	— (—)	0.00 (0.02)	0.00 (0.02)
iii)	Veronica Constructions Pvt. Ltd.	— (—)	— (—)	9.12 (212.97)	9.12 (212.97)
<b>5</b>	<b>Salary paid :</b>				
i)	Mamta R.Gandhi	— (—)	5.51 (5.61)	— (—)	5.51 (5.61)
ii)	Kalpiti R. Gandhi	— (—)	5.34 (5.46)	— (—)	5.34 (5.46)
iii)	Aastha R. Gandhi	— (—)	4.61 (0.00)	— (—)	4.61 (0.00)
<b>6</b>	<b>Interest Income :</b>				
i)	Vadilal International Pvt.Ltd.	— (—)	— (—)	6.00 (3.76)	6.00 (3.76)
ii)	Vadilal Forex and Consultancy Services Ltd.	— (—)	— (—)	(0.05) (0.00)	(0.05) (0.00)
iii)	Padm Complex Ltd.	— (—)	— (—)	(0.03) (0.00)	(0.03) (0.00)
<b>7</b>	<b>Royalty paid/payable :</b>				
i)	Vadilal International Pvt. Ltd.	— (—)	— (—)	22.14 (1.41)	22.14 (1.41)
<b>8</b>	<b>Loans and Advances Given:</b>				
i)	Vadilal International Pvt. Ltd.	— (—)	— (—)	0.00 (600.00)	0.00 (600.00)
<b>9</b>	<b>Loan &amp; Advance Re-Paid:</b>				
i)	Vadilal International Pvt. Ltd.	— (—)	— (—)	0.00 (375.25)	0.00 (375.25)
<b>10</b>	<b>Intercompany Deposit Given:</b>				
i)	Vadilal Forex and Consultancy Services Ltd.	25.00 (0.00)	— (—)	— (—)	25.00 (0.00)
<b>11</b>	<b>Intercompany Deposit Received:</b>				
i)	Veronica Constructions Pvt. Ltd.	— (—)	— (—)	188.50 (4112.25)	188.50 (4112.25)
ii)	Padm Complex Ltd.	—	—	0.40 (0.00)	0.40 (0.00)
<b>12</b>	<b>Intercompany Deposit Re-paid/Adjusted:</b>				
i)	Veronica Constructions Pvt. Ltd.	— (—)	— (—)	1311.00 (5129.28)	1311.00 (5129.28)
ii)	Vadilal Forex and Consultancy Services Ltd.	0.00 (15.38)	— (—)	— (—)	0.00 (15.38)
<b>13</b>	<b>Security Deposit Received:</b>				
i)	Vadilal Enterprises Ltd.	— (—)	— (—)	650.00 (0.00)	650.00 (0.00)

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>B Balance outstanding at year end :</b>					
<b>a) Investments :</b>					
i)	Majestic Farmhouse Ltd.	—	—	1.87	1.87
		(—)	(—)	(1.87)	(1.87)
ii)	Vadilal Forex and Consultancy Services Ltd.	0.72	—	—	0.72
		(0.72)	(—)	(—)	(0.72)
<b>b) Receivable :</b>					
<b>Trade Receivable</b>					
i)	Vadilal Enterprises Ltd.	—	—	739.96	739.96
		(—)	(—)	(832.37)	(832.37)
ii)	Others	—	—	4.15	4.15
		(—)	(—)	(7.17)	(7.17)
<b>Loans and Advances Given</b>					
i)	Vadilal International Pvt. Ltd.	—	—	600.00	600.00
		(—)	(—)	(600.00)	(600.00)
ii)	Vadilal Forex and Consultancy Services Ltd.	25.00	—	—	25.00
		(0.00)	(—)	(—)	(0.00)
iii)	Padm Complex Ltd	—	—	21.19	21.19
		(—)	(—)	(20.79)	(20.79)
<b>Advance given to supplier:</b>					
i)	Ambica Dairy Products	—	—	0.55	0.55
		(—)	(—)	(14.03)	(14.03)
ii)	Majestic Farm House Ltd.	—	—	0.60	0.60
		(—)	(—)	(0.00)	(0.00)
<b>c) Payable :</b>					
<b>ICD Taken</b>					
i)	Veronica Constructions Pvt. Ltd.	—	—	102.00	102.00
		(—)	(—)	(1216.29)	(1216.29)
<b>Security Deposit Taken :</b>					
i)	Vadilal Enterprises Ltd.	—	—	650.00	650.00
		(—)	(—)	(0.00)	(0.00)
<b>d) Against corporate guarantee given :</b>					
i)	Vadilal Enterprises Ltd.	—	—	1809.00	1809.00
		(—)	(—)	(1474.00)	(1474.00)
<b>e) Against corporate guarantee taken :</b>					
i)	Vadilal Enterprises Ltd.	—	—	800.00	800.00
		(—)	(—)	(800.00)	(800.00)
ii)	Padm Complex & Volute Construction	—	—	9303.00	9303.00
		(—)	(—)	(9303.00)	(9303.00)

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

b) Outstanding balances are shown net of Acceptance.

c) 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."



iii) 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 (11.40)	9.50 (20.90)

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	<u>229.85</u>	<u>502.54</u>
Net Profit/(loss) for calculating basic/diluted EPS	229.85	502.54
Weighted Avgerage 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 : Chairman & Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Mayank S. Shah  
Partner  
Membership No.:44922

Place : Ahmedabad  
Date : May 29, 2014

Place : Ahmedabad  
Date : May 29, 2014

## 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, 2014, 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 the Accounting Standards notified under the Companies Act, 1956, read with General Circular 15/2013 dated 13 September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- (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. 80 Lacs awaiting announcement of such policy from government.
- b. Attention is invited to Note No. 26.4(b) of the financial statement, whereby the company has accounted interest income on electricity Security deposit of Rs. 12.26 Lacs and load factor rebate of Rs. 23.64 lacs as receivable for the year of 1996-97 to 2013-14 and 2003-04 to 2013-14 respectively.
- c. Attention is invited to Note no. 26.7 Whereas the company has recognized Mat Credit entitlement as receivable for current financial year of Rs. 89.94 Lacs and upto 31st March 2014 of Rs. 493.35 Lacs.

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 Rs. 2.32 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, 2014 of Rs. 683.29 lacs and total revenues of Rs. 742.90 lacs and net cash outflows amounting to Rs. 30.74 lacs 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 note qualified in respect of above matters.

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

**Mayank S. Shah**  
Partner

Membership No.: 44922

**Place : Ahmedabad**  
**Date : May 29, 2014**



## VADILAL INDUSTRIES LIMITED

Share Department: B/404, Time Square Building, 4<sup>th</sup> Floor, Near Lal Bungalow Char Rasta, C.G. Road, Navrangpura, Ahmedabad – 380009  
CIN: L91110GJ1982PLC005169, Web: www.vadilalgroup.com, Email: sharelogs@vadilalgroup.com, Tel: +91 079 30153189

### E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

You are aware that the provisions of Companies Act, 2013 have been made effective. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, Companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with the Depository or with Share Transfer Agent.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This is a golden opportunity for every shareholder of Vadilal Industries Limited to contribute to the cause of Green Initiative.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode.

**Please note that as a Member of the Company, you will be entitled to receive all such communication in physical form, upon request.**

Best Regards,

**Nikhil Patel**  
Company Secretary

#### E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID and Client ID : \_\_\_\_\_

Name of the 1st Registered Holder : \_\_\_\_\_

Name of the Joint Holder[s] : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail ID (to be registered) : \_\_\_\_\_

I / We Shareholder(s) of Vadilal Industries Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail ID in your records for sending communication in electronic form.

Date : \_\_\_\_\_

Signature \_\_\_\_\_

**Note:** Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.



**VADILAL INDUSTRIES LIMITED**

Share Department: B/404, Time Square Building, 4<sup>th</sup> Floor, Near Lal Bungalow Char Rasta, C.G. Road, Navrangpura, Ahmedabad – 380009  
CIN: L91110GJ1982PLC005169, Web: www.vadilalgroup.com, Email: sharelogs@vadilalgroup.com, Tel: +91 079 30153189

**ATTENDANCE SLIP**

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

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

I hereby record my presence at the 30th Annual General Meeting of the members of the Company on Thursday, the 25th September, 2014, 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

**VADILAL INDUSTRIES LIMITED**

Share Department: B/404, Time Square Building, 4<sup>th</sup> Floor, Near Lal Bungalow Char Rasta, C.G. Road, Navrangpura, Ahmedabad – 380009  
CIN: L91110GJ1982PLC005169, Web: www.vadilalgroup.com, Email: sharelogs@vadilalgroup.com, Tel: +91 079 30153189

**Form No. MGT-11**  
**FORM OF PROXY**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) _____
Registered Address : _____
E-mail ID _____ Folio No. / DP ID and Client ID _____

I/We, being the Member(s) of \_\_\_\_\_ Equity Shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature:  or failing him/her
2. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature:

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, the 25th day of September, 2014 at 2.00 p.m. at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380006 and at any adjournment thereof in respect of such resolutions as are indicated below:

**See overleaf**



Tear here



Resolution No.	Description
1.	Adoption of Annual Accounts and Reports of Directors and Auditors thereon for the financial year ended 31 <sup>st</sup> March, 2014
2.	Declaration of Dividend on Equity Shares for the year ended 31 <sup>st</sup> March, 2014.
3.	Re-appointment of Mr. Rajesh R. Gandhi as a Director retiring by rotation.
4.	Appointment of M/s. Kantilal Patel & Co., as Statutory Auditors of the Company and to fix their remuneration.
5.	Appointment of Mr. Kshitish M. Shah as an Independent Director of the Company for a term upto two consecutive years.
6.	Appointment of Mr. Rohit J. Patel as an Independent Director of the Company for a term upto two consecutive years.
7.	Appointment of Mr. Rajesh K. Pandya as an Independent Director of the Company for a term upto two consecutive years.
8.	Re-appointment of Mr. Rajesh R. Gandhi, as a Managing Director of the Company for a further period of 5 years w.e.f. 1 <sup>st</sup> April, 2014 with payment of remuneration for a period of three years w.e.f. 1 <sup>st</sup> April, 2014.
9.	Re-appointment of Mr. Devanshu L. Gandhi, as a Managing Director of the Company for a further period of 5 years w.e.f. 1 <sup>st</sup> April, 2014 with payment of remuneration for a period of three years w.e.f. 1 <sup>st</sup> April, 2014.
10.	To confirm borrowing limit of Rs. 275 crores under Section 180(1)(c) of the Companies Act, 2013.
11.	To create mortgage/hypothecation/charge on properties of the Company under Section 180(1)(a) of the Companies Act, 2013.
12.	To insert new Article in the Articles of Association relating to Chairperson of the Company.
13.	To insert new Article relating to inspection and copy of register and index of member and annual return.
14.	To keep register and index of member at the place of share transfer agent of the Company.
15.	To accept fixed deposit from the members of the Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature.....

Affix  
Revenue  
Stamp

**Notes:**

1. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
2. This form of Proxy, to be effective, should be deposited at the Share Department of the Company at B/404, Time Square Building, 4<sup>th</sup> Floor, Near Lal Bungalow Char Rasta, C.G. Road, Navrangpura, Ahmedabad – 380 009, not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.

# Shortcut to Variety

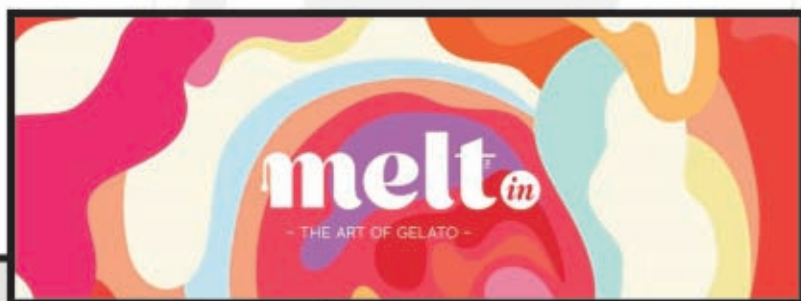


Shortcut to  
**Happiness**™

Indian Breads • Snacks • Curries • Fruits • Vegetables







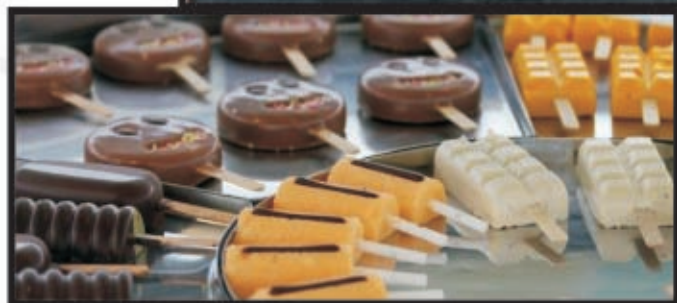
Creating



Possibilities



Endless



# 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 Veg 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.



Vadilal Ice cream



Vanilla Scoop



Vadilal Frozen Dessert



Vanilla Scoop

CHOLESTROL	✓	×
TRANSFAT	✓	×
HYDROGENATED FATS	×	×
VITAMIN	✓	✓
CALCIUM	✓	✓
PROTEIN	✓	✓
MUFA & PUFA (UNSATURATED FATS)	✓	✓
CALORIES (Per 100gm of Vanilla Scoop)	183 kcal Icecreams are Full of Energy	179 kcal Frozen Desserts are equally good source of energy All these benefits make frozen Desserts a healthy treat. Especially in todays 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		

SERVING SUGGESTIONS ONLY

**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 Railway Crossing,  
Navrangpura, Ahmedabad - 380009  
[www.vadilalgroup.com](http://www.vadilalgroup.com)



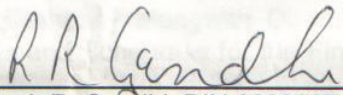
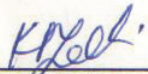
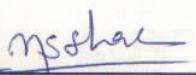
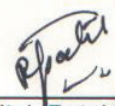
**VADILAL INDUSTRIES LTD.**

REGD. OFFICE : "VADILAL HOUSE"

53, SHRIMALI SOCIETY, NR. NAVRANGPURA RAILWAY CROSSING, NAVRANGPURA, AHMEDABAD - 380009.

TEL.NO. : (91) (79) 26564019-24 FAX : (91) (79) 26564027

VISIT US ON : <http://www.vadilalgroup.com>**FORM A****Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	VADILAL INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Unqualified / Matter of Emphasis
4.	Frequency of observation	N.A.
5.	To be signed by-	
	1. Chairman and Managing Director	 (Rajesh R. Gandhi. DIN 00009879)
	2. Chief Financial Officer	 Kalpit R. Gandhi
	3. M/s Kantilal Patel & Co., Auditor of the company	 Mayank Shah
	4. Chairman of Audit Committee	 Rohit J. Patel (DIN: 00012367)
	Date : 27 <sup>th</sup> August, 2014. Place : Ahmedabad.	

CIN : L91110GJ1982PLC005169  
Email: [nikhilpatel@vadilalgroup.com](mailto:nikhilpatel@vadilalgroup.com)