

**BUILDING VADILAL BUILDING INDIA**



Choco Raspberry Crush

French Vanilla Fudge

Strawberry



**Flingo**



**Guar**

Individually Quick Frozen

QUICK TREAT

**Cluster Beans**

Beanspati d'Haricots



## **27<sup>TH</sup> ANNUAL REPORT 2010-2011**



**VADILAL INDUSTRIES LIMITED**

## BOARD OF DIRECTORS

**CHAIRMAN** Ramchandra R. Gandhi

**VICE-CHAIRMAN AND  
MANAGING DIRECTOR** Virendra R. Gandhi

**MANAGING DIRECTORS** Rajesh R. Gandhi  
Devanshu L. Gandhi

**INDEPENDENT DIRECTORS** C. M. Maniar  
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.  
Phone : 079 - 26564018 to 23, 30153347  
Fax : 079 - 26564027  
**Web : [www.vadilalgroup.com](http://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 : 079-26407201-09  
Fax : 079-30153102

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

**FACTORIES** **Ice-cream Division :**

1. Village Pundhra, Tal. Mansa,  
Dist. Gandhinagar (Gujarat)
2. Parsakhera Industrial Area,  
Bareilly (Uttar Pradesh)
3. Dudheshwar Road,  
Ahmedabad (Gujarat)

**Processed Foods Division**  
Dharampur, Dist. Valsad (Gujarat)

**Forex Division**  
(Money Changing Business)  
Vadilal House, Navrangpura, Ahmedabad  
Ph: 079-30153352 Fax : 26564026  
Web : [www.vadilalmarkets.com](http://www.vadilalmarkets.com)

Email for Investor Grievances : [shareslogs@vadilalgroup.com](mailto:shareslogs@vadilalgroup.com)

## 27th ANNUAL GENERAL MEETING

Day - Tuesday

Date - 27th September, 2011

Time - 12.30 p.m.

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

## CONTENTS

## PAGE NO.

• Notice & Explanatory Statement	1-12
• Directors' Report	13-15
• Management Discussion & Analysis	16-19
• Report on Corporate Governance	23-28
• Shareholder Information	29-32
• Auditors' Certificate on Corporate Governance	32

## Standalone Accounts - Vadilal Industries Limited

• Auditors' Report on Accounts	33-35
• Balance Sheet	36
• Profit & Loss Account	37
• Cash Flow Statement	38
• Schedules to Balance Sheet and Profit & Loss Account	39-46
• Significant Accounting Policies	46-49
• Notes on Accounts	49-59
• Balance Sheet Abstract and Company's General Business Profile	59

## Vadilal Industries (USA) Inc. (Wholly-owned Subsidiary Company)

• Statement of Financial Information of Subsidiary	69
----------------------------------------------------	----

## Consolidated Accounts

• Consolidated Accounts	60-73
• Auditors' Report on Consolidated Accounts	74

<b>Proxy Form &amp; Attendance Slip</b>	75
-----------------------------------------	----





#### NOTICE

**NOTICE** is hereby given that the **27<sup>th</sup> ANNUAL GENERAL MEETING** of the members of **VADILAL INDUSTRIES LIMITED** will be held on Tuesday, the 27<sup>th</sup> September, 2011, at 12.30 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006 to transact the following business :

#### ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the year ended on 31st March, 2011.
- 3) To appoint a Director in place of Mr. Ramchandra R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Rohit J. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad (Registration No. 104744W) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration, apart from re-imburement of out-of-pocket expenses and applicable taxes.

#### SPECIAL BUSINESS :

- 6) **Partial modification in terms of remuneration to be paid to Mr. Rajesh R. Gandhi, who has been re-appointed as a Managing Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2014.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force), and all guidelines and clarifications, for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable and also subject to such other approvals as may be necessary and in furtherance to and in partial modification to the Ordinary Resolution No. 8, passed by the Members of the Company at the 23rd Annual General Meeting of the Company held on 29th September, 2007, in respect of re-appointment of Mr. Rajesh R. Gandhi, as a Managing Director of the Company, for a further period of 5 years w.e.f. 1st April, 2009 upto 31st March, 2014 with payment of remuneration and as recommended by Remuneration Committee, Mr. Rajesh R. Gandhi shall be entitled to be paid remuneration, perquisites, allowances and commission as mentioned in the Explanatory Statement attached hereto, **for remaining period of 2 years w.e.f. 1st April, 2012 upto 31st March, 2014** and more particularly set out in the draft Supplemental Agreement to be entered into between the Company and Mr. Rajesh R. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and/or vary the terms and conditions of the said remuneration including commission and perquisites payable from time to time as they deem fit and/or draft Supplemental Agreement, in such manner, as may be agreed upon by the Board of Directors and Mr. Rajesh R. Gandhi, within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and/or modification(s) thereto and if necessary, as may be agreed to between the Central Government and Board of Directors and as may be acceptable to Mr. Rajesh R. Gandhi.

**RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequate profits in any financial year during the said period of 2 years w.e.f. 1st April, 2012 and upto 31st March, 2014, the remuneration payable to Mr. Rajesh R. Gandhi shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Supplemental Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act as amended from time to time subject to the compliance of provisions thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to apply on behalf of the Company to the Central Government, if required, for taking its approval for payment of remuneration to Mr. Rajesh R. Gandhi as mentioned above and also authorised to do all such acts, deeds, things and matters as may be necessary and to execute necessary documents/ agreements/applications/ letters on behalf of the Company.”

- 7) **Partial modification in terms of remuneration to be paid to Mr. Devanshu L. Gandhi, who has been re-appointed as a Managing Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2014.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 316, 317 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act



(including any statutory modifications or re-enactment thereof, for the time being in force), and all guidelines and clarifications, for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable and also subject to such other approvals as may be necessary and in furtherance to and in partial modification to the Ordinary Resolution No. 9, passed by the Members of the Company at the 23rd Annual General Meeting of the Company held on 29th September, 2007, in respect of re-appointment of Mr. Devanshu L. Gandhi, as a Managing Director of the Company, for a further period of 5 years w.e.f. 1st April, 2009 upto 31st March, 2014 with payment of remuneration and as recommended by Remuneration Committee, Mr. Devanshu L. Gandhi shall be entitled to be paid remuneration, perquisites, allowances and commission as mentioned in the Explanatory Statement attached hereto, **for remaining period of 2 years w.e.f. 1st April, 2012 upto 31st March, 2014** and more particularly set out in the draft Supplemental Agreement to be entered into between the Company and Mr. Devanshu L. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and/or vary the terms and conditions of the said remuneration including commission and perquisites payable from time to time as they deem fit and/or draft Supplemental Agreement, in such manner, as may be agreed upon by the Board of Directors and Mr. Devanshu L. Gandhi, within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and/or modification(s) thereto and if necessary, as may be agreed to between the Central Government and Board of Directors and as may be acceptable to Mr. Devanshu L. Gandhi.

**RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequate profits in any financial year during the said period of 2 years w.e.f. 1st April, 2012 and upto 31st March, 2014, the remuneration payable to Mr. Devanshu L. Gandhi shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Supplemental Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act as amended from time to time subject to the compliance of provisions thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to apply on behalf of the Company to the Central Government, if required, for taking its approval for payment of remuneration to Mr. Devanshu L. Gandhi as mentioned above and also authorised to do all such acts, deeds, things and matters as may be necessary and to execute necessary documents/ agreements/applications/ letters on behalf of the Company.”

**8) Raising funds by way of issue of Specified Securities to Qualified Institutional Buyers on Qualified Institutional Placement (QIP) Basis :**

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 Sections 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the provisions of Chapter - VIII and other applicable provisions, if any, of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended [SEBI (ICDR) Regulations] as in force and subject to all other applicable rules, regulations and guidelines of SEBI, the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Securities by Person Resident Outside India) Regulation, 2000 as amended, the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000 as amended and such other statutes, notifications, circulars, rules and regulations as may be applicable and relevant, each as amended and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and / or sanctions of Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI), Foreign Investment Promotion Board (FIPB), Government of India, the relevant Registrar of Companies and any other Regulatory Authority, Institutions or Bodies as may be required under applicable law and regulation and all other authorities as may be required (hereinafter collectively referred to as “the Appropriate Authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and /or sanction (hereinafter referred to as “the requisite approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution or any person(s) authorised by the Board or its Committee for such persons), the Company be and is hereby authorised to create, offer, issue and allot, from time to time in one or more tranches, equity shares / fully convertible debentures (FCD)/ Partly Convertible Debentures (PCD)/Convertible Preference Shares including but without limitations through Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or Foreign Currency Convertible Bonds (FCCBs) and/or Foreign Currency Exchangeable Bonds (FCEBs) or any other securities other than warrants, which are convertible into or exchangeable with equity shares at a later date at the option of the Company and/or the holders of the securities and/or securities linked to Equity Shares (hereinafter referred to as Specified Securities) to Qualified Institutional Buyers (hereinafter referred to as QIB) by way of Qualified Institutions Placement (QIP) as per the provisions of SEBI (ICDR) Regulations through a placement document and/or such other documents/writings/circulars/ memorandum



and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the SEBI (ICDR) Regulations or other provisions of the law as may be prevailing at the time; provided that the price inclusive of premium of the Specified Securities so issued shall not be less than the price arrived in accordance with provisions of SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the aggregate amount of Specified Securities in one or more offering(s) and/ or in one or more tranches to be issued and allotted pursuant to the authority granted hereby shall not exceed ₹ 80.00 Crores (Rupees Eighty Crores) or equivalent thereto in any foreign currency at par or at such price or prices and on such terms and conditions and in such manner as the Board may in its absolute discretion determine in consultation with the Lead Managers, Advisors or other intermediaries.

**RESOLVED FURTHER THAT** the relevant date for determination of applicable price for issue of QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities as referred to above or as may be necessary in accordance with the terms of the offering with all such shares being *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.

**RESOLVED FURTHER THAT** such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.

**RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage / charge under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the aforesaid Specified Securities shall not be sold by QIBs for a period of one year from the date of allotment except on a recognized stock exchange.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board of Directors be and are hereby severally authorised, on behalf of the Company, to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Specified Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Specified Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or Managing Directors or any other Officers / Authorised Representatives of the Company to give effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

By order of the Board  
For VADILAL INDUSTRIES LIMITED

RAMCHANDRA R. GANDHI  
Chairman

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

Dated : 18<sup>th</sup> July, 2011.

**NOTES :**

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

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

(b) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the meeting.

(c) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.



- (d) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above Notice is annexed hereto.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from 14<sup>th</sup> September, 2011 to 27<sup>th</sup> September, 2011 (both days inclusive) for the purpose of payment of dividend on Equity Shares of the Company for the year ended 31st March, 2011 as recommended by the Board and if declared at the Annual General meeting.
- (f) Dividend of Re. 1.50 per share (@ 15.00%) on Equity Shares for the year ended on 31st March, 2011 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 13<sup>th</sup> September, 2011, 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 13<sup>th</sup> September, 2011.
- (g) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agents can not act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- (h) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends declared upto the financial year ended on 31st March, 1994 (18 months) to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend by an application in Form II of the aforesaid Rules to the Registrar of Companies, Gujarat at ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad - 380 013.
- However, pursuant to Section 205A of the Act as amended by the Companies (Amendment) Act, 1999 (1st Amendment), which came into effect from 31-10-1998, the Company has already transferred unclaimed dividend declared for the financial year ended on 31st March, 1995, 31st March, 1996, 31st March, 1997 (Interim & Final Dividend) and 30th September, 1998 (18 months) to the Investor Education and Protection Fund (IEPF) established by the Government under Section 205C(1) of the Act.
- The amount of dividend for the financial year ended on 31st March, 2005, 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009 and 31st March, 2010, remaining unpaid or unclaimed for a period of 7 years is due for transfer to the Investor Education and Protection Fund on 3rd November, 2012, 1st November, 2013, 3rd November, 2014, 3rd November, 2015, 31st October, 2016 and 4<sup>th</sup> November, 2017 respectively. Members, who have so far not encashed their dividend warrants for the said financial years, are requested to approach the Company for revalidation or duplicate dividend warrants. Thereafter, no claims shall lie against the said Fund or the Company for the amount of dividend so transferred nor shall any payment be made in respect of such claims.
- (i) Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- (j) Members are requested to intimate immediately the change in their registered address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company or Share Transfer Agent, in respect of their physical share folios, if any. In case of mailing address mentioned on this Annual Report is without PINCODE, members are requested to kindly inform their PINCODE immediately.
- (k) Relevant documents referred to in the accompanying Notice are open for inspection for the members at the Registered Office of the Company on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m., upto the date of this Annual General Meeting.
- (l) Members are requested to bring their copy of Annual Report to the meeting, as the copies of Annual Report will not be distributed at the meeting.
- (m) **Important Communication to Members** : The Ministry of Corporate Affairs has, pursuant to its Green Initiative in the Corporate Governance, allowed paperless compliances by companies. It has issued circulars allowing the companies to service notice/documnets including Annual Report by email to its members. Many of the shareholders have registered their emails pursuant to the said initiative. We thank those shareholders for the same. Those shareholders, who have not registered their email addresses so far, may, as a support to this initiative, register their email addresses, in respect of electronic holdings, with the Depository through their respective Depository Participant. Members who hold shares in physical mode are requested to register their email address with MCS Limited, the share transfer agent of the Company.
- (n) **Share Department of the Company** has been shifted from Vadilal House, Shrimali Society, Nr. Navrangpura Rly. Crossing, Navrangpura, Ahmedabad – 380 009 to B/404, 4th Floor, "Time Square" Building, C. G. Road, Nr. Lal Bunglow Char Rasta, Navrangpura, Ahmedabad - 380 009.
- (o) Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its **Share Department**, at least TEN days before the date of the meeting.



(p) At this Annual General Meeting, Mr. Ramchandra R. Gandhi and Mr. Rohit J. Patel, Directors of the Company, shall retire by rotation and being eligible, offer themselves for re-appointment.  
As required under Clause 49 of Listing Agreement with the Stock Exchanges, given below are the details of the above Directors to be re-appointed as Directors of the Company :-

**Mr. Ramchandra R. Gandhi**

Mr. Ramchandra R. Gandhi is a senior member on the Board of Directors of the Company. He is a founder Chairman of the Company. He is associated with the Company since its inception. He has vast experience in the ice-cream business for more than 5 decades. He is a Director in the following other Companies. He is a Chairman of Share Transfer & Investors' Grievance Committee of the Company. He is also a member of Audit Committee of the Directors of the Company. He is also a Member of the following committees of other Companies. Mr. Ramchandra R. Gandhi holds 1,15,852 Equity Shares of ₹ 10/- each in Vadilal Industries Limited.

<p><b>Chairman and Managing Director :</b> Vadilal Enterprises Limited <b>Chairman :</b> Vadilal Chemicals Limited <b>Director :</b> Vadilal International Private Limited Vadilal Gases Limited</p>	<p><b>Chairman of the Board Committees:</b> ➤ Vadilal Chemicals Limited (Share Transfer and Investors' Grievance Committee) <b>Member of the Board Committees:</b> ➤ Vadilal Chemicals Limited (Audit Committee)</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Mr. Rohit J. Patel**

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

<p><b>Director:</b> Vadilal Chemicals Ltd. Gujarat Ambuja Exports Ltd. Symcom Tech Pvt. Ltd.</p>	<p><b>Member of the Board Committees:</b> ➤ Gujarat Ambuja Exports Ltd. (Remuneration Committee)</p>
--------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------

**ANNEXURE TO NOTICE**

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

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

**ITEM NO. 6**

At the 23rd Annual General Meeting of the Company held on 29th September, 2007 and vide Ordinary Resolution passed by the Shareholders, Mr. Rajesh R. Gandhi has been re-appointed as Managing Director of the Company for a further period of 5 years w.e.f. 1st April, 2009 upto 31st March, 2014, at a total monthly remuneration of ₹ 3,00,000/- plus 2% Commission on net profit in case of Company having adequate profit during the said period of 5 years with increase in basic salary in subsequent years w.e.f. 1st April, 2010, subject to review by Remuneration Committee and Board of Directors, so as not to exceed the total remuneration of ₹ 4,00,000/- per month upto 31st March, 2014.

In terms of provisions of Section - II of Part - II of Schedule - XIII of the Companies Act, 1956, the above Ordinary Resolution has already been modified in respect of payment of remuneration to Mr. Rajesh R. Gandhi for a period of 3 years w.e.f. 1st April, 2009 upto 31st March, 2012 vide Special Resolution passed by the Shareholders at the 25th Annual General Meeting of the Company held on 26th September, 2009.

In terms of the aforesaid provisions, it is necessary to again modify the said Ordinary Resolution passed at the 23rd Annual General Meeting of the Company held on 29th September, 2007, in respect of payment of remuneration to Mr. Rajesh R. Gandhi, as under, for remaining period of 2 years w.e.f. 1st April, 2012 upto 31st March, 2014 by obtaining approval of Members of the Company by way of a Special Resolution and duly approved by the Remuneration Committee and Board of Directors at their respective meetings held on 18th July, 2011, subject to the approval of Central Government, if applicable :-

1) Remuneration :

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

Particulars	1-4-2012 to	1-4-2013 to
	31-3-2013	31-3-2014
Basic	2,48,000	2,64,000
HRA (in lieu of accommodation - furnished or otherwise)	95,000	1,02,000
Re-imbursment of Medical Expenses (for Managing Director and his family)	2,240	2,320
Provident Fund @12% on Basic Salary	29,760	31,680
<b>Total</b>	<b>3,75,000</b>	<b>4,00,000</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 and Gratuity 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.

**II) Commission :**

In addition to the Salary, Perquisites and Other Allowances as mentioned above and in case of Company having adequate profit during the remaining period of 2 years i.e. during the financial year from 1st April, 2012 to 31st March, 2014, Mr. Rajesh R. Gandhi shall also be entitled for such financial year to a Commission at the rate of 2.00% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.

- 2) Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year, during the said remaining period of 2 years, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof, for the time being in force).
- 3) The Company shall also reimburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.
- 4) 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 XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines and clarifications, as may be announced by the Central Government from time to time.
- 5) The Managing Director, so long as he function as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
- 6) For all other terms and conditions not specifically spelt out above, the Rules and Order of the Company shall apply.
- 7) All other terms and conditions as mentioned in the original Agreement dated 19<sup>th</sup> November, 2007, relating to the re-appointment, powers, duties, etc. of Managing Director as approved earlier by the Shareholders shall remain unchanged.
- 8) A Statement as per requirement of Schedule XIII is given to the Shareholders containing following information of the Company and Mr. Rajesh R. Gandhi :-

**I. GENERAL INFORMATION :**

**(1) Nature of industry**

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

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

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





The Company has also started selling Processed Food products in Domestic Market.

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

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

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

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

The Company is in existence since 1982.

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

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

(₹ in Lacs)

Financial Year	Income from Operations	Gross Profit before Depreciation and Financial Expenses	Net Profit after Tax
2008-2009	14792.60	1434.95	108.68
2009-2010	18890.77	2076.07	575.17
2010-2011	23613.82	2526.58	508.17

**(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)
2008-2009	1887.18
2009-2010	2089.84
2010-2011	2285.30

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

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

**II. INFORMATION ABOUT THE APPOINTEE:**

**(1) Background details:**

Name : Mr. Rajesh R. Gandhi  
 Designation : Managing Director  
 Age : 53 Years  
 Experience : 31 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 31 years in Ice-cream business and experience of over 21 years in Processed Food business.

**(2) Recognition or awards:**

The Company has always made continuous efforts to improve the process of manufacturing and to achieve quality and efficiency in each of its operations. This is evident from the award of ISO 9001:2000 to the Company conferred upon by Nemko AS, Certification Department, towards Quality Management System for its Processed Food Division situated at Dharampur, Dist. Valsad, Gujarat. The Company has also received award of ISO 22000:2005 from Nemko AS, Certification Department, towards Food Safety Management System for the said Processed Food Division. The Company has already been awarded Two Star Export House Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products.

The Company has also obtained ISO 22000:2005 Certification from Bureau Veritas, Mumbai for its ice-cream plant at Pundhra in the State of Gujarat and Bareilly in the State of Uttar Pradesh for Management System.

The Company has received, for 3 years in a row i.e. in the year 2008, 2009 and 2010, total 22 awards in the Great Indian Ice-Cream Contest organised by Indian Dairy Association (IDA).

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

Mr. Rajesh R. Gandhi has been associated with the Company since its inception having experience on hands for Ice-cream & Processed Food business. He looks after day-to-day affairs of the Company pertaining to the hereby-mentioned areas : Production, QA/QC, R&D, Logistics (Ice-cream Transportation), Cups & Cones, Purchase (including Capital Goods & Deep Freeze Machines) of Ice-cream Division is taken care by him. He also looks after Sales & Marketing of Ice-cream Exports and Happinezz Parlors owned and/or managed by Group. For Processed Food Division, Mr. Rajesh R. Gandhi looks after



Exports and Domestic Sales, International Freight, Government Subsidies of entire division. For Construction, he takes care of Sales & Marketing & Legal. The total portfolio of Finance, Accounts, MIS, Taxation, Internal Audit, EDP, Secretarial, Legal, Insurance, Systems, all Taxes & DGFT and Human Resource of all above-mentioned departments and P&A of Head Office is taken care by him.

**(4) Remuneration proposed**

It is proposed to partially modify the terms of remuneration to be paid for remaining period of 2 years w.e.f. 1st April, 2012 upto 31st March, 2014 to Mr. Rajesh R. Gandhi, who has been re-appointed as Managing Director of the Company.

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

Apart from Mr. Rajesh R. Gandhi is a Managing Director of the Company and receiving managerial remuneration, he holds 2,24,445 Equity Shares of ₹ 10/- each of the Company in his individual capacity. Mr. Rajesh R. Gandhi is a son of Mr. Ramchandra R. Gandhi, Chairman of the Company and brother of Mr. Virendra R. Gandhi, Vice-Chairman & Managing Director of the Company.

**III. OTHER INFORMATION :**

**Reasons of loss or inadequate profits**

During the financial year 2009-2010 and 2010-2011, the Company does not have incurred loss or inadequate profits.

**IV. DISCLOSURES:**

(1) The details of managerial remuneration paid to Mr. Rajesh R. Gandhi, Managing Director of the Company during the previous financial year ended on 31<sup>st</sup> March, 2011, are as under:

Particulars	Amount (₹ in lakhs per annum)
Salary	24.00
Perquisites/ Allowances	11.54
Commission on Net Profit	3.07
Contribution to PF	2.88
<b>Total</b>	<b>41.49</b>

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

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

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

The Board therefore recommends the Special Resolution for approval of the Members of the Company for partial modification in the terms of remuneration to be paid to Mr. Rajesh R. Gandhi as a Managing Director of the Company, for remaining period of 2 years w.e.f. 1st April, 2012 to 31st March, 2014, subject to approval of the Central Government, if applicable.

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

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

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

**ITEM NO. 7**

At the 23rd Annual General Meeting of the Company held on 29th September, 2007 and vide Ordinary Resolution passed by the Shareholders, Mr. Devanshu L. Gandhi has been re-appointed as Managing Director of the Company for a further period of 5 years w.e.f. 1st April, 2009 upto 31st March, 2014, at a total monthly remuneration of ₹ 3,00,000/- plus 2% Commission on net profit in case of Company having adequate profit during the said period of 5 years with increase in basic salary in subsequent years w.e.f. 1st April, 2010, subject to review by Remuneration Committee and Board of Directors, so as not to exceed the total remuneration of ₹ 4,00,000/- per month upto 31st March, 2014.

In terms of provisions of Section - II of Part - II of Schedule - XIII of the Companies Act, 1956, the above Ordinary



Resolution has already been modified in respect of payment of remuneration to Mr. Devanshu L. Gandhi for a period of 3 years w.e.f. 1st April, 2009 upto 31st March, 2012 vide Special Resolution passed by the Shareholders at the 25th Annual General Meeting of the Company held on 26th September, 2009.

In terms of the aforesaid provisions, it is necessary to again modify the said Ordinary Resolution passed at the 23rd Annual General Meeting of the Company held on 29th September, 2007, in respect of payment of remuneration to Mr. Devanshu L. Gandhi, as under, for remaining period of 2 years w.e.f. 1st April, 2012 upto 31st March, 2014 by obtaining approval of Members of the Company by way of a Special Resolution and duly approved by the Remuneration Committee and Board of Directors at their respective meetings held on 18<sup>th</sup> July, 2011, subject to the approval of Central Government, if applicable :-

1) Remuneration :

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

Particulars	1-4-2012 to 31-3-2013	1-4-2013 to 31-3-2014
Basic	2,48,000	2,64,000
HRA (in lieu of accommodation - furnished or otherwise)	95,000	1,02,000
Re-imbursement of Medical Expenses (for Managing Director and his family)	2,240	2,320
Provident Fund @12% on Basic Salary	29,760	31,680
<b>Total</b>	<b>3,75,000</b>	<b>4,00,000</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 and Gratuity 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.

**II) Commission :**

In addition to the Salary, Perquisites and Other Allowances as mentioned above and in case of Company having adequate profit during the remaining period of 2 years i.e. during the financial year from 1st April, 2012 to 31st March, 2014, Mr. Devanshu L. Gandhi shall also be entitled for such financial year to a Commission at the rate of 2.00% on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.

- 2) Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year, during the said remaining period of 2 years, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof, for the time being in force).
- 3) The Company shall also reimburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.
- 4) 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 XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines and clarifications, as may be announced by the Central Government from time to time.
- 5) The Managing Director, so long as he function as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
- 6) For all other terms and conditions not specifically spelt out above, the Rules and Order of the Company shall apply.
- 7) All other terms and conditions as mentioned in the original Agreement dated 19<sup>th</sup> November, 2007, relating



to the re-appointment, powers, duties, etc. of Managing Director as approved earlier by the Shareholders shall remain unchanged.

- 8) A Statement as per requirement of Schedule XIII is given to the Shareholders containing following information of the Company and Mr. Devanshu L. Gandhi :-

I. **GENERAL INFORMATION :**

**(1) Nature of industry**

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

Ice-cream Division of the Company has 3 manufacturing plant situated at 1) Dudheshwar Road, Ahmedabad, 2) Village Pundhra, Taluka Mansa, Dist. Gandhinagar, Gujarat and 3) Bareilly, Uttar Pradesh. The Company is processing Frozen Fruits, Vegetables and Processed Foods by latest freezing technology, namely, "Individually Quick Freezing" (IQF) at its factory situated at Dharampur, Dist. Valsad, Gujarat. The Processed Food Division commenced its operation in 1991. The Company is exporting nearly 60 products in USA, Canada, UK, Kuwait, UAE, Singapore, New Zealand, Australia. The Company has also started selling Processed Food products in Domestic Market.

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

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

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

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

The Company is in existence since 1982.

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

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

(₹ in Lacs)

Financial Year	Income from Operations	Gross Profit before Depreciation and Financial Expenses	Net Profit after Tax
2008-2009	14792.60	1434.95	108.68
2009-2010	18890.77	2076.07	575.17
2010-2011	23613.82	2526.58	508.17

**(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)
2008-2009	1887.18
2009-2010	2089.84
2010-2011	2285.30

**(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 : 43 Years  
 Experience : 23 Years

Mr. Devanshu L. Gandhi is a Director and Managing Director of the Company since 1988. He has an experience of over 21 years in Ice-cream business.

**(2) Recognition or awards:**

The Company has always made continuous efforts to improve the process of manufacturing and to achieve quality and efficiency in each of its operations. This is evident from the award of ISO 9001:2000 to the Company conferred upon by Nemko AS, Certification Department, towards Quality Management System for its Processed Food Division situated at Dharampur, Dist. Valsad, Gujarat. The Company has also received award of ISO 22000:2005 from Nemko AS, Certification Department, towards Food Safety Management System for the said Processed Food Division. The Company has



already been awarded Two Star Export House Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products.

The Company has also obtained ISO 22000:2005 Certification from Bureau Veritas, Mumbai for its ice-cream plant at Pundhra in the State of Gujarat and Bareilly in the State of Uttar Pradesh for Management System.

The Company has received, for 3 years in a row i.e. in the year 2008, 2009 and 2010, total 22 awards in the Great Indian Ice-Cream Contest organised by Indian Dairy Association (IDA).

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

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

**(4) Remuneration proposed**

It is proposed to partially modify the terms of remuneration to be paid for remaining period of 2 years w.e.f. 1st April, 2012 upto 31st March, 2014 to Mr. Devanshu L. Gandhi, who has been re-appointed as Managing Director of the Company.

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

Apart from Mr. Devanshu L. Gandhi is a Managing Director of the Company and receiving managerial remuneration, he holds 2,23,241 Equity Shares of ₹ 10/- each of the Company in his individual capacity. Mr. Devanshu L. Gandhi is not related with other Directors of the Company.

III. **OTHER INFORMATION :**

**Reasons of loss or inadequate profits**

During the financial year 2009-2010 and 2010-2011, the Company does not have incurred loss or inadequate profits.

IV. **DISCLOSURES:**

(1) The details of managerial remuneration paid to Mr. Devanshu L. Gandhi, Managing Director of the Company during the financial year ended on 31<sup>st</sup> March, 2011, are as under:

Particulars	Amount (₹ in lakhs per annum)
Salary	24.00
Perquisites/ Allowances	11.69
Commission on Net Profit	3.07
Contribution to PF	2.88
<b>Total</b>	<b>41.64</b>

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

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

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

The Board therefore recommends the Special Resolution for approval of the Members of the Company for partial modification in the terms of remuneration to be paid to Mr. Devanshu L. Gandhi as a Managing Director of the Company, for remaining period of 2 years w.e.f. 1st April, 2012 to 31st March, 2014, subject to approval of the Central Government, if applicable.

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

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

Mr. Devanshu L. Gandhi is interested in the resolution. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.



#### ITEM NO. 8

This resolution relates to a proposal of the Company to offer, issue and allot specified securities by way of placement to Qualified Institutional Buyers through a Qualified Institutional Placement ("QIP") in terms of Chapter – VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The object of the issue is to fund the growth of the Company, augment its resources for financing the expansion-cum-modernisation plans, ongoing capital expenditures, increase the ability to compete with the competitors in domestic and international market, strengthen its financial position by augmenting long term resources from time to time and for other business needs.

The detailed terms and conditions of the offer will be determined in consultation with a SEBI registered merchant banker and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevalent market conditions and other relevant conditions.

The proposed special resolution seeks the enabling authorization of the Members to the Board of Directors, without the need of any further approval from the shareholders, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR) Regulations"). Pursuant to the above, the Board may, in one or more tranches, issue and allot equity shares/fully convertible debentures/party convertible debentures / non convertible debentures with warrants including but without limitations through Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or Foreign Currency Convertible Bonds (FCCBs) and/or Foreign Currency Exchangeable Bonds (FCEBs) any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP" Securities").

The said QIP by the Board shall be subject to the provisions of the SEBI (ICDR) Regulations (as amended from time to time) including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant date. The relevant date for determination of applicable price for issue of QIP Securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue.

The securities issued under QIP issue pursuant to offer may, if necessary, may be secured by way of mortgage/hypothecation on the Company's assets as may be finalised by the Board of Directors in consultation with the Security Holders/Trustees in favour of Security Holders/Trustees for the holders of the said securities. As the documents to be executed between the security holders / trustees for the holders of the said securities and the Company may contain the power to take over the management of the Company in certain events, enabling approval is also sought under Section 293(1)(a) of the Companies Act, 1956.

In terms of the provisions of Section 81(1A) of the Companies Act, 1956 and the listing agreement entered with the Stock Exchanges, in the case of any proposal to increase the subscribed capital of the Company by a further issue and allotment of shares, the shares should be first offered to the existing shareholders in the manner laid down in the said section / listing agreement unless the shareholders decide otherwise in a general meeting. The said Special Resolution if passed shall have the effect of allowing the Board on behalf of the Company to offer, issue and allot the Specified Securities otherwise than to the existing shareholders.

The Shareholders of the Company has, by a Special Resolution passed at the 26<sup>th</sup> Annual General Meeting of the Company held on 30-09-2010, authorised the Board of Directors to offer, issue and allot Equity Shares or other specified securities for a sum not exceeding ₹ 80.00 Crores, in one or more tranches, as the Board may think fit. However, the said Special Resolution is valid for a period of 12 months from the date of passing, i.e. valid upto 29<sup>th</sup> September, 2011

Hence, a fresh Special Resolution is proposed for seeking consent and authorisation of the members to the Board of Directors to take the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

The Board of Directors accordingly recommends the resolution set out at Item No. 8 of the accompanying notice for approval of the Members.

None of the Directors of the Company are in any way concerned or interested in the above resolution except to the extent of securities that may be subscribed to by the Companies/Institutions, in which they are Directors or members.

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

**RAMCHANDRA R. GANDHI  
Chairman**

**Registered Office :**  
Vadilal House, Shrimali Society,  
Nr. Navrangpura Rly. Crossing,  
Navrangpura, Ahmedabad - 380 009.

Dated : 18<sup>th</sup> July, 2011



## DIRECTORS' REPORT

To,  
The Members,  
VADILAL INDUSTRIES LIMITED  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 27<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2011.

### INCOME FROM OPERATIONS

The Company earned the total income from operations of ₹ 23581.80 Lacs during the year ended on 31<sup>st</sup> March, 2011 as against ₹ 18896.27 Lacs earned during the previous year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS:

(₹ in lacs)

Particulars	Year ended 31-3-2011		Previous year ended 31-3-2010	
(a) Profit for the year before Depreciation and Financial Expenses		2526.58		2076.07
(b) Less: Depreciation	816.65		564.97	
Financial Expenses (Net)	961.05	1777.70	631.90	1196.87
(c) Profit before Exceptional & Prior Year items		748.88		879.20
(d) Prior Year's Adjustments (Net)		(0.21)		(0.05)
(e) Profit before tax		748.67		879.15
(f) Provision for Tax (Refer Note I of Schedule 22)				
— Current Tax		0.00		327.00
— Current (MAT Tax)	141.93		0.00	
Less : MAT credit entitlement	(128.00)	13.93	0.00	0.00
— Deferred Tax charge/(release)		233.51		(28.49)
— (Short) / Excess Provision of Tax / Deferred Tax of earlier years (Net)		6.94		(5.47)
(g) Net Profit after Tax		508.17		575.17
(h) Profit Brought Forward		340.72		286.28
Amount available for appropriation		848.89		861.45
Appropriation:-				
— Proposed Dividend		107.82		107.82
— Tax on Proposed Dividend		17.49		17.91
— General Reserve		400.00		395.00
— Balance carried to Balance Sheet		323.58		340.72
<b>Total</b>		<b>848.89</b>		<b>861.45</b>

### DIVIDEND:

The Directors have recommended dividend of ₹ 1.50 per share (@15.00%) on 71,87,830 Equity Shares of ₹ 10/- each of the Company for the Financial Year ended on 31<sup>st</sup> March, 2011. The Company declared ₹ 1.50 per share (@15.00%) dividend for the previous Financial Year ended on 31<sup>st</sup> March, 2010. This will absorb ₹ 107.82 lacs as against ₹ 107.82 lacs absorbed in the previous year. The corporate dividend tax payable by the Company on the said dividend will be ₹ 17.49 lacs as against ₹ 17.91 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 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 and Expenses, Derivative Instruments, Segmental Reporting (in Notes on Consolidated Accounts), Calculation of EPS, etc.

### QUALITY ASSURANCE AND AWARDS

#### ISO 22000:2005 AND ISO 9001:2000 CERTIFICATES

The Company has always made continuous efforts to improve the process of manufacturing and to achieve quality and efficiency in each of its operations. This is evident from the award of ISO 9001:2000 to the Company conferred upon by Nemko AS, Certification Department, towards Quality Management System for its Processed Food Division



situated at Dharampur, Dist. Valsad, Gujarat. The Company has also received award of ISO 22000:2005 from Nemko AS, Certification Department, towards Food Safety Management System for the said Processed Food Division. The Company has already been awarded Two Star Export House Status by Joint Director General of Foreign Trade, Ministry of Commerce and Industry for export of Processed Foods Products.

The Company has also obtained ISO 22000:2005 Certification from Bureau Veritas, Mumbai for its ice-cream plant at Pundhra in the State of Gujarat and Bareilly in the State of Uttar Pradesh for Management System.

The Company has won, for consecutive 3 years i.e. in the year 2008, 2009 and 2010, total 22 awards in the Great Indian Ice-Cream Contest organised by Indian Dairy Association (IDA).

#### **FINANCE:**

During the year under review, the Company has availed enhanced working capital facilities from the Consortium Banks for working capital requirement of the Company. The Company has also availed the Term Loans from various Term Lenders towards part financing the expansion-cum-modernization of its existing manufacturing units.

During the year under review, the Company also availed ad-hoc cash credit and L/C facilities for import of machineries from Bank of Baroda. The said facilities have been repaid by the Company during the year under review. The Company also availed unsecured loan from Catholic Syrian Bank and Indian Overseas Bank.

The short term loan availed by the Company during last year from Development Credit Bank Ltd. has been fully repaid during the year under review.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001 (IEPF), during the year under review, the Company has transferred the unclaimed interest on fixed deposit of ₹ 20,346/- upto 31-3-2003, to IEPF established by the Central Government under Section 205C(1) of the Companies Act, 1956.

#### **FIXED DEPOSITS:**

The Company has no overdue deposits outstanding other than those unclaimed deposits of ₹ 30.84 lacs as on 31st March, 2011. As on date of this Report, deposits aggregating ₹ 9.05 lacs thereof have been claimed and either paid or renewed. The Company has mobilised Fixed Deposit of ₹ 925.20 lacs during the year ended on 31st March, 2011, after complying with the provisions of Section 58 A 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, 2011 stood at ₹ 1282.89 lacs.

#### **SUBSIDIARY COMPANY:**

The Company has incorporated a wholly-owned subsidiary company namely Vadilal Industries (USA) Inc., in the State of New Jersey in USA during the year – 2009-2010. However, pursuant to the provisions of Section 212 of the Companies Act, 1956 read with the General Circular No. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, granting general exemption under Section 212(8) of the Companies Act, 1956, the Annual Accounts and other related details of Vadilal Industries (USA) Inc., including the Statement under Section 212(1)(e), for the year ended on 31-3-2011, 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 consolidated accounts attached herewith.

However, the Company undertakes that the Reviewed Financial Statements of Vadilal Industries (USA) Inc. for the year ended on 31-3-2011, alongwith reports of Directors and Independent Accountant thereon shall be made available to the shareholders and a hard copy of the same shall be provided to the shareholders, on their written request. The said Reviewed Financial Statements of Vadilal Industries (USA) Inc. for the year ended on 31-3-2011, 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 day except Saturdays between 2.00 p.m. to 4.00 p.m. upto the date of Annual General Meeting.

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

As stipulated by Clause 32 of Listing Agreement with Stock Exchanges, Consolidated Financial Statements of the Company, its Wholly-owned Subsidiary Company namely, Vadilal Industries (USA) Inc. and Vadilal Cold Storage, a Partnership Firm, for the year ended on 31<sup>st</sup> March, 2011 have been prepared by the Company in accordance with the requirements of Accounting Standard - 21 "Consolidated Financial Statements" and Accounting Standard 23 "Accounting for investments in Associates" issued by the Institute of Chartered Accountants of India and prescribed under Section 211(3C) of the Companies Act, 1956. The Audited Consolidated Financial Statements form part of the Annual Report.

#### **CORPORATE GOVERNANCE:**

Being a Listed Company, the Company has taken necessary measures to comply with the Listing Agreement with the Stock Exchanges as amended from time to time including revised Clause 49 regarding Corporate Governance. A separate report on Corporate Governance for the year ended on 31st March, 2011 is attached herewith as a part of this Annual Report. A certificate from Statutory Auditors of the Company regarding compliance of Corporate Governance as stipulated under the revised Clause 49 of Listing Agreement is obtained by the Company and annexed to the Corporate Governance Report.

#### **RESPONSIBILITY STATEMENT:**

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

- a) that in the preparation of Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2011 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 hereto 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, National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited.

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

The Company confirms that it has paid Annual Listing Fees due to the Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and Ahmedabad Stock Exchange Ltd. upto the Financial Year - 2011-2012.

**PARTICULARS OF EMPLOYEES:**

The statement of particulars of employees providing information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 form part of this report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding this statement is being sent to all members. Any member interested in obtaining a copy of this statement may write to the Company Secretary at the **Share Department** of the Company.

**DIRECTORS:**

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

**CORPORATE SOCIAL RESPONSIBILITY**

The Company daily provides Ice-cream to the patients of M. P. Shah Cancer Hospital, the Gujarat Cancer and Research Institute, New Civil Hospital Compound, Asarwa, Ahmedabad. Under "Yuva Unstoppable" programme organised by an Institution, the employees of the Company attended Municipal Schools in Ahmedabad and helped the students in learning english.

**AUDITORS:**

M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad, holds office as Statutory Auditors of the Company until the conclusion of this Annual General Meeting and as recommended by Audit Committee, the Board recommends their appointment, as Statutory Auditors of the Company, for the Financial Year – 2011-2012 and to hold office from the conclusion of the ensuing 27<sup>th</sup> Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The Company has received a certificate from the said Auditors under Section 224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act. The Members are requested to consider their appointment as Statutory Auditors of the Company for the Financial Year - 2011-2012, at a remuneration to be decided by the Board of Directors.

**AUDITORS' REPORT OF THE COMPANY:**

The following clarification has been made by the Directors in respect of the observation made by the Auditors in CARO report for the year ended on 31st March, 2011 :-

1. The Company has not paid sales tax overdue for more than six months due to pending litigation / legal cases. The Company has obtained a stay against the said litigation.

**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 : 18<sup>th</sup> July, 2011.  
Place : Ahmedabad

**Ramchandra R. Gandhi**  
**Chairman**



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

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

**a) Ice-cream Division**

India is the largest milk producer in the world with an estimated annual production of more than 100 million tons of ice-creams per year. Considering Indian economy's quantum growth in recent years, ice-cream market is also zooming at new horizons. Total Indian Market size is estimated approx. ₹ 2500 crores, with the organized sector market estimated at ₹ 1500 crores. There is a huge untapped potential of specialized ice-cream outlets at malls and other public flow areas-major city points where people used to visit very frequently. The franchisee based parlors' concept is getting tremendous response.

The industry structure and ongoing transformation offers opportunities for organized players to invest and grow. Vadilal Ice-cream division showing a sustainable growth year to year.

Keeping with the tradition of regular growth through innovative product launches, Vadilal has launched three new products this year viz. Badabite candies, Flingo Cones and Gourmet ice-cream in IML (In Mould Labeling) packaging.

With the latest extrusion technology, the Badabite candies will have less over-run (air insertion), better texture and creamier coating of pure chocolate enriched with cocoa butter. Vadilal 'Gourmet' is the other new brand being introduced with a high-end packaging called 'in mould labelling' technology. In the 'Gourmet' category, the Company is offering 2 flavours. In the cone segment, the Company has launched a new higher-end product called 'Flingo', which has different types of insertions in the centre such as chocolate fudge, raspberry ripple and strawberry ripple.

The Company's aim is to launch international quality products at pocket-friendly prices. Badabite and Flingo have a very youth oriented brand personality whereas Gourmet is targeted more towards the young family segment. The Company's focus will be on increasing sales of the impulse category.

The Company has undertaken an aggressive campaign on all fronts to increase the over-all market share as well as capture a larger pie of the premium ice-cream market. New mega brands, installation of latest state-of-the-art machines, aggressive advertising and significant expansion in production facilities will combine to make the Company an even stronger force to reckon with in the domestic ice-cream market.

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

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 is near completion.

Vadilal has won 22 awards over last 3 consecutive years at 'The Great Indian Ice Cream Contest' organised by the Indian Dairy Association. Like past 2 years, in 2010 also awards galore for Vadilal Icecreams with 8 awards by esteemed IDA. 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).

**b) Processed Food Division**

Despite being World's Second largest producer of Food next to China, India accounts for only 1.60% of International Food trade which indicates potential for both investors and exporters. As per Ministry of Food Processing Industries (MOFPI), the share of Indian Processed Food Industry in Foreign Trade is estimated to increase from 1.60% to 3.00% by 2015 and in value terms, agricultural export turnover is anticipated to rise to nearly US\$ 18.60 bn by 2014.

The Company is one of the largest processed food players in India, with significant exports of frozen vegetables, mango pulp and mango milk shake, ready-to-eat snacks, curries and breads. The Company's aim is to become an Indian MNC in frozen foods and to provide products and services at an affordable price without compromising on quality.

Vadilal's two decade old branded Aamras, 'Garden Fresh Kerino Ras' is spreading its wings to Mumbai and Rajasthan as well as to non-resident Gujaratis (NRGs) globally after establishing a strong presence in Gujarat. The Company is also one of the leading players in the branded mango pulp market nationally. Vadilal is exporting frozen mango, pulp and mango milk shake to USA, Canada, Australia, New Zealand, UK, Germany, Netherlands, Saudi Arabia, Kuwait, Oman, Dubai and other countries.



Vadilal is also active in the sale of mango pulp under the brand names of Alphanso Mango Pulp, Kesar Mango Pulp and Totapuri Mango Pulp across India. The Company is the only organized player in the branded aamras category, while it is one of the leading players in the branded mango pulp business.

The Company is also one of the largest processed food players in India with significant exports of frozen vegetables, mango pulp & mango milk shake, ready-to-eat snacks, curries and breads.

With enormous scope for value addition, vast pool of natural resources, increase in consumption of processed food products and growing technical knowledge base, the sector is poised to maintain the growth momentum in future. Moreover, India's strong geographical situation and demographic conditions give it a strong comparative advantage over the other nations.

For sustainable growth in this sector, India still needs to improve the quality related issues and needs to provide value added products to the global market. This can be done by improving on infrastructure base and adopting better marketing strategies.

**c) Forex Division**

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

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

**2) FUTURE STRATEGY**

**a) Ice-cream Division**

The Company primarily focuses on increasing the ice cream consumption by continuously offering novel products at affordable rates. The Company is committed in eliminating the barriers for availability of ice cream with focused distribution & franchising new Happinezz parlors across India.

For that purpose, the Company will continue with its market expansion and penetration plans. The Company will be consolidating its strong foothold in the market by reaching out to new territories as well as increasing the retail density as well. The addition of imported extrusion machines has created the Company's stronger hold in market.

The overall vision of the company is to increase the consumption of ice-cream at national level supported fully by appropriate promotion and market communication strategies. Here, the basic focus has been in brand building coupled with quality products & services. This year, the Company has launched megabrands like Badabite, Flingo & Gourmet which made consumers get a feel of International ice-cream eating experience. Thereby the Company has carved a niche for ourselves in the premium high end & youth segment. In future, the Company wants to consolidate the same with more variants and flavors.

Also, the company plans to focus more on the exclusive ice-cream boutiques "Happinezz Parlors". Here, the Company achieved good success with various formats of Shops, Open & Close Kiosks. Through the kiosk format the Company plans to increase Happinezz presence strongly in modern retail. Also, the Company plans to continue with the strategy of doubling the number of Happinezz parlors year on year.

**b) Processed Food Division**

Vadilal entered the processed foods industry to optimize utilization of its extensive cold chain network in the 1990s. It currently caters to the domestic and export markets with products such as frozen vegetables and ready to eat snacks, curries and breads. This business is poised for strong growth in the coming years owing to greater urbanization within India and increasing demand for Indian food amongst developed regions like the USA and western Europe.

Vadilal's first and foremost strategy will be to focus on market coverage by getting space on ethnic food markets by promoting ready to serve and frozen food products in Vadilal's Brand. In the next step, Vadilal would like to get its ice cream and processed food placed in the mainstream market.

Last year, Vadilal set up a subsidiary company in USA. Its warehouse in New Jersey is fully operations now and to further increase the reach, a plan of opening few more warehouses in other parts of USA is under process. Another focus area in USA would be to enter supermarket chains.

As far as other markets are concerned, two distributors have already been appointed in Johannesburg and Capetown to cater potential South African market and to further extend the reach, strategy is to appoint one more distributor in Durban this year. In Australia, step by step approach would be adopted to get the products listed in mainstream section and in Europe, the strategy would be to make Vadilal's presence felt by setting up a proper distribution network.

Further, an effective marketing strategy will be implemented to increase the brand awareness through advertising in electronic and print media and participating in international exhibitions.



**Domestic Market :**

The year 2010-2011 was another successful year for the company's processed food division – domestic. The division has established its existence in new territories like Uttar Pradesh & Haryana. The division has also introduced new products like Frozen Lilva Kachori, Patra and Garlic Butter Naan. The division is also keen to establish itself well in other territories of India.

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

In spite of tough competition in Ice-cream business, your Company has earned an Income from Operations of ₹ 23581.80 lacs during the year ended on 31st March, 2011 as against ₹ 18,896.27 lacs earned during the previous year ended on 31st March, 2010.

Your Company has earned the Gross Profit of ₹ 2526.58 lacs before Depreciation and Financial Expenses during the year ended on 31st March, 2011 as compared to ₹ 2076.07 lacs earned during the previous year ended on 31st March, 2010.

The Company has earned the Net Profit of ₹ 508.17 lacs during the year ended on 31st March, 2011 after providing Financial Expenses and Depreciation and other adjustments and after making Provision for Current (MAT) Tax of ₹ 13.93 lacs, Deferred Tax charge of ₹ 233.51 lacs and other adjustments as compared to Net Profit of ₹ 575.17 lacs earned during the previous year ended on 31st March, 2010.

**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, 2011		(₹ in lacs)
<b>Segment Revenue (Sales plus income from services)</b>		
Ice-cream		19881.62
Processed Foods		3893.50
Others		228.27
Total:		24003.39
Less : Inter-segment revenue		(131.76)
<b>Net Sales/Income from Operations</b>		<b>23871.63</b>
<b>Segment Results (PBIT)</b>		
Ice-cream		2041.69
Processed Foods		(201.77)
Others		25.46
Total:		1865.38
Less : Interest (Net) & prior year adjustment	942.89	
Other unallocable expenditure	201.90	1144.79
<b>Total Profits (PBT)</b>		<b>720.59</b>
<b>Capital employed in segments</b>		
(Segment assets less liabilities) - as at 31st March, 2011		
Ice-cream		13570.37
Processed Foods		5061.90
Others		144.26
Total Capital employed in segments		18776.53
Add : Unallocable corporate assets less corporate liabilities		(14422.02)
<b>Total Capital Employed</b>		<b>4354.51</b>



**5) RISK AND CONCERN**

**a) Ice-cream Division**

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

**b) Processed Food Division**

Inadequate infrastructure, poor agricultural input management and semi-organised supply chain management are the major areas of concern. The high transportation and inventory carrying cost along with fluctuation in foreign currencies add on to it.

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

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

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

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

**7) HUMAN RESOURCES**

The Company has total staff strength of 584 at all locations, which includes 138 workers. 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, 2011]

### 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 invested Rs. 60 crores in its Ice-cream Manufacturing Unit situated at Pundhra during last 2 years to expand its production facility with a goal to achieve energy conservation, quality and food safety.
- The Company is going to install fully automatic Ice cream Mix Processing Plant to achieve Quality standards as per Export norms.
- The Company has installed new Cone Machine having capacity of 16000 cone per hour with Automatic Robotic System and Inline Hardening Tunnel. This will improve quality of its cones as well as savings in energy. With this machine, the Company will be able to introduce new variety of cones in market.
- The Company has installed a new extrusion line for introducing new variety of ice cream called BADA BITE.
- The Company has ordered new ice cream freezers synchronized with Fruit Feeder. This will give better nut distribution in the ice cream.
- The Company has installed new continuous hardening tunnel for its party packs, and got the benefit of quick freezing of its products.
- The Company has installed 2 nos of sticklines having capacity of 15000 candy per hour.
- The Company has installed 350 Tr Refrigeration with imported screw compressors and liquid circulation system.
- The Company has installed energy cooling towers and plate type condensers in its new refrigeration plant.
- The Company has installed palletised cold store having Freon Refrigerant system, having storage capacity of 2 lakh boxes.
- The Installation of HVAC system is about to complete. The Company will maintain required temperature and humidity in its process hall and +15 degree temperature in its cold stores room.
- The Company has installed dock shelters and automatic doors for its dispatch dock to avoid thermal shocks to its ice cream products.
- The Company has installed vehicle tracking system in all refrigerated vehicles.

##### **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 :

- 80-90% Plant and Machinery layout restructures for unidirectional man and material movement.
- New Woof Fired Boiler is installed at the factory for reducing fuel cost.
- New Auto Seamer is installed in Canning Line to increase production capacity and reduce wastage due to manual operations.
- New FFS Machine for packing IQF Products is installed to improve productivity and reduce man power requirement.
- To minimize the energy losses, all steam lines, chilled water/brine and ammonia lines has been insulated.
- New packaging material and engineering store is built and in operation for minimizing material movement, easy access and better control.
- In Green-peas-line, second recovery drum has been installed to get grains recovery from waste and rod washer has been installed to get quality product and to minimize sorting labour.

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

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

- As the Company has 1000 Tr Refrigeration Plant , the Company is planning to install Heat Recovery Unit in its compressor's discharge line for its Processed Hot Water requirements.
- The Company is doing expansion of our ETP plant. Presently we are using gas generated in our anaerobic digester in boiler.

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

- Renovation of all sections of the plant is in progress to meet Global Hygiene Food Safety Standards for ISO 22000 and BRC Certifications.
- Well differentiated separate waste collection area will be constructed for better hygiene and better returns from scrap sale.



- Bar coding system is proposed for maintaining FIFO, easy and effective control of Finished Goods.
- Colour sorter will install within a week which will help to give us quality product.
- Washing m/c, cloth & ironing will start to give aprons to all worker to maintain the personal hygiene.
- Leafy vegetable washer will install which will help to give quality product.

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 in power consumption, increase in storage capacity, increase 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 attached herewith.

**B) TECHNOLOGY ABSORPTION**

**RESEARCH AND DEVELOPMENTS**

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

- » Installed liquid overfeed system with imported screw compressors.
- » Installed palletised cold store.
- » Installed fully automatic Ice-cream mix plant with scada system.
- » Installed Extrusion Line.
- » Installed continuous hardening tunnel.
- » New product development related to frozen products.
- » Process modifications to improve productivity.
- » Product diversification in similar type of products.

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

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

c) **Future Plan of Action :**

- The Company is planning to introduce various new 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 : ₹ 10.50 lacs.**

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

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

- The Raw Material Processing room has been renovated for a better production efficiency, better energy utilization and improved hygiene.
- The Company has totally shifted to wood fired boiler from earlier oil fired boiler to minimize the use of petroleum products. One Effluent Treatment Plant (ETP) has been commissioned for the treatment of Effluent before discharge.
- The Company has installed a refrigeration plant with Screw compressors and liquid overfeed system.
- The Company has installed storage tanks and Glucose tanks with loading and un-loading facility for a smooth and hygiene handling of raw-material.

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 ₹ 2089.84 lacs for the previous year ended on 31st March, 2010, the Company has earned Foreign Exchange of ₹ 2285.30 lacs for Export of Goods on FOB value for the year ended on 31st March, 2011.

As against Foreign Exchange Outgo of ₹ 662.84 lacs for the previous year, the Outgo during the year under review was ₹ 1281.92 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 31-03-2010	Year Ended On 31-03-2011	Year Ended On 31-03-2010	Year Ended On 31-03-2011
<b>(A) Power and Fuel Consumption :-</b>				
<b>1) Electricity</b>				
a) Purchased -				
i) Units KWH	15099392.00	21311650.00	3749670.00	3686460.00
Total Amount (₹)	84841622.00	121824627.00	23533061.00	22912024.00
Rate/Unit (₹)	5.62	5.72	6.28	6.22
b) Own Generation				
i) Through Diesel Generator				
Units KWH	1069423.00	1002074.00	11344.00	9349.00
Units per liters of diesel	3.04	3.11	3.03	3.01
Cost per unit (Liters) (₹)	10.01	10.74	12.54	13.96
<b>2) Coal (Specify quality and where used)</b>				
Qty. (Tones)	0.00	0.00	0.00	0.00
Total Cost (₹)	0.00	0.00	0.00	0.00
Average rate (₹)	NIL	NIL	NIL	NIL
<b>3) Furnace Oil / LDO</b>				
a) Furnace Oil for Boiler				
Qty. (Kg./ K. Liters)	245741.09	314891.45	203450.00	41040.00
Total Amount (₹)	6906262.00	10443134.58	5594627.49	1340680.00
Average rate (₹)	28.10	33.16	27.50	32.67
b) HSD for Boiler				
Qty. (Kg./ K. Liters)	0.00	0.00	0.00	0.00
Total Amount (₹)	0.00	0.00	0.00	0.00
Average rate (₹)	NIL	NIL	NIL	NIL
c) Wood / Husk Boiler				
Qty. (Kg. / K. Liters)	1825771.00	2142630.00	0.00	341365.00
Total Amount (₹)	4228015.00	6665445.00	0.00	1116059.00
Average rate (₹)	2.31	3.11	NIL	3.27
d) Briquettes for Boiler				
Qty. (Kg./ K. Liters)	0.00	0.00	0.00	214525.00
Total Amount (₹)	0.00	0.00	0.00	1028852.00
Average rate (₹)	NIL	NIL	NIL	4.80
<b>4) Other/Internal Generation</b>				
Qty.	0.00	0.00	0.00	0.00
Total Cost (₹)	0.00	0.00	0.00	0.00
Rate/unit (₹)	NIL	NIL	NIL	NIL
<b>(B) Consumption per unit of production :</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>Unit of Measurement</b>	<b>On 31-03-2010</b>	<b>On 31-03-2011</b>	<b>On 31-03-2010</b>	<b>On 31-03-2011</b>
Ice-cream and PFD				
Electricity                                   Units	0.271	2.417	0.557	0.722
Diesel for steam generation               Liters	0.000	0.000	0.031	0.117

Ice-cream Division comprise 3 factories situate at Pundhra and Ahmedabad in the state of Gujarat and Bareilly in the state of Uttar Pradesh. Processed Food Division comprise 1 factory situate at Dharampur in the state of Gujarat.





## CORPORATE GOVERNANCE REPORT

### Report on Corporate Governance for the year ended on 31st March, 2011 (2010-2011)

#### ❖ 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 31-03-2011 consists the following 8 Directors, out of which, majority Directors are Non-executive Directors and ½ of the total Directors are Independent Directors :-

Category	Name of the Directors
A. Promoter & Non-executive Director	Mr. Ramchandra R. Gandhi, Chairman
B. Promoters & Executive Directors	Mr. Virendra R. Gandhi, Vice-Chairman & Managing Director # Mr. Rajesh R. Gandhi, Managing Director Mr. Devanshu L. Gandhi, Managing Director
C. Non-executive and Independent Directors	Mr. C. M. Maniar Mr. Kshitish M. Shah Mr. Rohit J. Patel Mr. Rajesh K. Pandya

# Appointed as a Managing Director of the Company designated as "Vice-chairman and Managing Director" for a period of 5 years w.e.f. 1<sup>st</sup> June, 2010 without payment of any remuneration.

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

The Board met 7 times during the year under review on 24-05-2010, 10-08-2010, 30-09-2010, 03-11-2010, 21-12-2010, 09-02-2011 and 19-03-2011. The gap between two Board Meetings did not exceed 4 months.

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

##### (iii) Attendance of each Director at the Board Meetings (7 Board Meetings) held during the year from 01-04-2010 to 31-03-2011, last Annual General Meeting (AGM) and number of Directorship and Chairmanship / Membership of Committee of each Director in various Companies as on 31-03-2011:

Name of Director	Attendance		No. of Directorships and Committee Member/ Chairmanship (including Vadilal Industries Limited)		
	Particulars		Directorship*	Committee Membership**	Committee Chairmanship**
	Board Meetings (7 Board Meetings)	Last AGM			
Ramchandra R. Gandhi	7	Yes	4	4	2
Virendra R. Gandhi #	7	Yes	4	3	1
Rajesh R. Gandhi	7	Yes	5	3	Nil
Devanshu L. Gandhi	7	Yes	4	3	Nil
C. M. Maniar	4	Yes	15	9	1
Kshitish M. Shah	7	Yes	2	2	1
Rohit J. Patel	7	Yes	3	2	1
Rajesh K. Pandya	7	Yes	4	1	Nil



# Appointed as a Managing Director of the Company designated as "Vice-chairman and Managing Director" for a period of 5 years, w.e.f. 1<sup>st</sup> June, 2010.

\* 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. Ramchandra R. Gandhi	1. Mr. Virendra R. Gandhi 2. Mr. Rajesh R. Gandhi	Son Son
Mr. Virendra R. Gandhi	1. Mr. Ramchandra R. Gandhi 2. Mr. Rajesh R. Gandhi	Father Brother
Mr. Rajesh R. Gandhi	1. Mr. Ramchandra R. Gandhi 2. Mr. Virendra R. Gandhi	Father Brother

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 31-03-2011 (i.e. from 01-04-2010 to 31-03-2011) are as follows, as approved by the Shareholders at the 25<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> September, 2009, by passing a Special Resolution towards modification in terms of remuneration payable to them, for a period of 3 years from 01-04-2009 to 31-03-2012 :-

Amount (₹ in lacs)

Name of Managing Director	Salary	Perquisites/ Allowances	Commission on Net Profit	Contribution to PF	Total
Mr. Rajesh R. Gandhi	24.00	11.54	3.07	2.88	41.49
Mr. Devanshu L. Gandhi	24.00	11.69	3.07	2.88	41.64

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 31-03-2011.

The two Managing Directors have been reappointed as Managing Directors of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2009 upto 31<sup>st</sup> March, 2014 as approved by Remuneration Committee and Board of



Directors of the Company, at their respective Meetings held on 28-07-07. The said re-appointments were approved by the shareholders of the Company at the 23<sup>rd</sup> Annual General Meeting of the Company held on 29-09-2007. The Company has entered into an Agreement on 19<sup>th</sup> November, 2007 with Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi for a period of 5 years for their appointment, powers, duties and payment of remuneration.

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

It is now proposed to partially modify the terms of remuneration to be paid to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the Company, for the remaining period of their tenure of 2 years w.e.f. 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2014 as approved by the Remuneration Committee and Board of Directors at their respective meetings held on 18<sup>th</sup> July, 2011. Necessary resolutions to this effect has been included in the notice of the 27<sup>th</sup> Annual General Meeting of the Members of the Company to be held on 27<sup>th</sup> September, 2011, for approval by the Members.

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 31-03-2011:

Sr. No.	Name of the Director	Amount in ₹
1	Mr. Ramchandra R. Gandhi	42,000/-
2	Mr. Virendra R. Gandhi @	6,000/-
3	Mr. C. M. Maniar	24,000/-
4	Mr. Kshitish M. Shah	42,000/-
5	Mr. Rohit J. Patel	42,000/-
6	Mr. Rajesh K. Pandya	42,000/-

@ Appointed as a Managing Director of the Company designated as "Vice-chairman and Managing Director" for a period of 5 years, w.e.f. 1<sup>st</sup> June, 2010.

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 31-03-2011 :-

Sr. No.	Name of the Director	Amount in ₹
1	Mr. Ramchandra R. Gandhi	28,000/-
2	Mr. Kshitish M. Shah	28,000/-
3	Mr. Rohit J. Patel	28,000/-
4	Mr. Rajesh K. Pandya	28,000/-

The Company has also paid sitting fees to the following Non-executive and Independent Directors of the Company for attending Selection Committee meeting, held during the year ended on 31-03-2011 :-

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

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

Mr. Ramchandra R. Gandhi, a Non-executive Director of the Company is holding 1,15,852 Equity Shares of ₹ 10/- each of the Company, as on 31<sup>st</sup> March, 2011.

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

### 3) Committees of the Board :

#### (a) Audit Committee :

##### (i) Composition

As on 31-03-2011, there were 4 members of Audit Committee as under :-

1	Mr. Rohit J. Patel	-	Chairman
2	Mr. Ramchandra R. Gandhi	-	Member
3	Mr. Kshitish M. Shah	-	Member
4	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.



Out of the 4 members of the Audit Committee, 3 members are Independent Directors, namely, Mr. Kshitish M. Shah, Mr. Rohit J. Patel and Mr. Rajesh K. Pandya.

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 30-09-2010. No queries related to financial results were raised by the members present at the said meeting. Mr. Ramchandra R. Gandhi, Member of the Audit Committee, has the knowledge of Finance & Accounts.

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 7 times during the year under review on 24-05-2010, 10-08-2010, 30-09-2010, 03-11-2010, 21-12-2010, 09-02-2011 and 19-03-2011.

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

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

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

(iii) **Terms of reference :**

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

- 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 consists the following three Directors of the Company, as on 31st March, 2011, namely :

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

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



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

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

A meeting of the Remuneration Committee of the Company was held on 18<sup>th</sup> July, 2011 and approved the partial modification in terms of remuneration to be paid to Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi, Managing Directors of the Company for the remaining period of their tenure of 2 years w.e.f. 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2014, subject to approval of the shareholders of the Company. Subsequently, the Board of Directors of the Company has also approved the partial modification in terms of remuneration at its meeting held on 18<sup>th</sup> July, 2011.

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

**(i) Composition :**

The Board of Directors of the Company has constituted a Share Transfer and Investors' Grievance Committee, comprising of 4 Directors of the Company, namely:

- |   |                          |   |                                   |
|---|--------------------------|---|-----------------------------------|
| 1 | Mr. Ramchandra R. Gandhi | - | Chairman & Non-executive Director |
| 2 | Mr. Virendra R. Gandhi   | - | Member                            |
| 3 | Mr. Rajesh R. Gandhi     | - | Member                            |
| 4 | Mr. Devanshu L. Gandhi   | - | Member                            |

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 declared 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 31-03-2010              | - | Nil |
| No. of complaints received during the year under review     | - | 17  |
| No. of complaints disposed off during the year under review | - | 17  |
| No. of complaints outstanding as on 31-03-2011              | - | Nil |

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

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

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

No requests for transfer and dematerialisation were pending for approval as on 31st March, 2011.

**(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.

The Selection Committee consists the following three Directors of the Company, as on 31st March, 2011, namely :

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

During the year under review, the Company has hold a meeting of the Selection Committee on 10-08-2010, for approving increase in the overall limit of remuneration to the extent of Rs. 2,00,000/- per month w.e.f. 01-10-2010 to be paid to Mr. Maulin P. Surti, who is a relative of Mr. Ramchandra R. Gandhi, Chairman of the Company, which have been subsequently approved by the Board of Directors of the Company at its meeting held on 10-08-2010 and by the Shareholders of the Company by passing a Special Resolution at the 26<sup>th</sup> Annual General Meeting of the Company held on 30-09-2010. The Central Government has also approved the said increase in overall limit of remuneration of Mr. Maulin Surti, vide its letter dated 9<sup>th</sup> March, 2011.

**4) General Body Meetings :**

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

Year	AGM	Location	Date	Time
2009-2010	26 <sup>th</sup>	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	30-09-2010	11.00 a.m.
2008-2009	25 <sup>th</sup>	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.	26-09-2009	10.30 a.m.
2007-2008	24 <sup>th</sup>	Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat Chamber of Commerce and Industry (GCCCI), Ashram Road, Ahmedabad.	29-09-2008	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 27<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. 6 of Schedule 23 to the Notes on Accounts for the year ended on 31st March, 2011, 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 Meeting 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 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, 2011, 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, 2011. 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 10594 shareholders as on 31<sup>st</sup> March, 2011. 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 ended on 30-06-2010 (1st Quarter), 30-09-2010 (2nd Quarter), 31-12-2010 (3rd Quarter), 31-03-2011 (4th Quarter) and Audited Financial Results for the year ended on 31-03-2011 including notes and segment wise revenue, results and capital employed and also the Consolidated Financial Results 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 news papers of Ahmedabad editions, namely, Economic Times (English and Gujarati) and 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 3rd 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 : Tuesday, 27<sup>th</sup> September, 2011, at 12.30 p.m.
- Venue : GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380006.

**(ii) Financial Calendar (from 01-04-2011 to 31-03-2012) (Tentative) :**

- Results for quarter ended on 30-06-2011 : On or before 14<sup>th</sup> August, 2011
- Results for quarter ending on 30-09-2011 : On or before 14<sup>th</sup> November, 2011
- Results for quarter ending on 31-12-2011 : On or before 14<sup>th</sup> February, 2012
- Results for quarter ending on 31-03-2012 /Audited : On or before 15<sup>th</sup> May, 2012 /
- Results for the year ending on 31-03-2012 : On or before 30<sup>th</sup> May, 2012
- AGM for the year ending on 31-03-2012 : Last week of September, 2012

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

Book-closure shall be from 14<sup>th</sup> September, 2011 to 27<sup>th</sup> September, 2011 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31st March, 2011.

**(iv) Dividend payment date :**

The Dividend of ₹1.50 per shares (@ 15.00%) on Equity Shares for the year ended on 31st March, 2011, 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), National Stock Exchange of India Limited (NSE) (commencement of trading w.e.f. 15/6/2011) and Ahmedabad Stock Exchange Limited (ASE).

The Listing fees for the Financial Year – 2011-2012 has already been paid to the respective Stock Exchanges.

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

- Bombay Stock Exchange Limited : 519156
- National Stock Exchange of India Limited : VADILALIND-EQ
- Ahmedabad Stock Exchange Limited : 64530
- 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, 2010	122.90	75.55	98.00
May, 2010	99.80	75.10	85.60
June, 2010	117.35	79.30	117.35
July, 2010	172.00	113.00	126.75
August, 2010	167.30	122.00	141.60
September, 2010	163.00	135.50	144.65
October, 2010	160.80	134.00	140.35
November, 2010	156.00	115.00	130.00
December, 2010	140.00	116.05	136.25
January, 2011	149.45	108.00	109.20
February, 2011	118.00	89.05	109.20
March, 2011	157.55	106.05	150.80

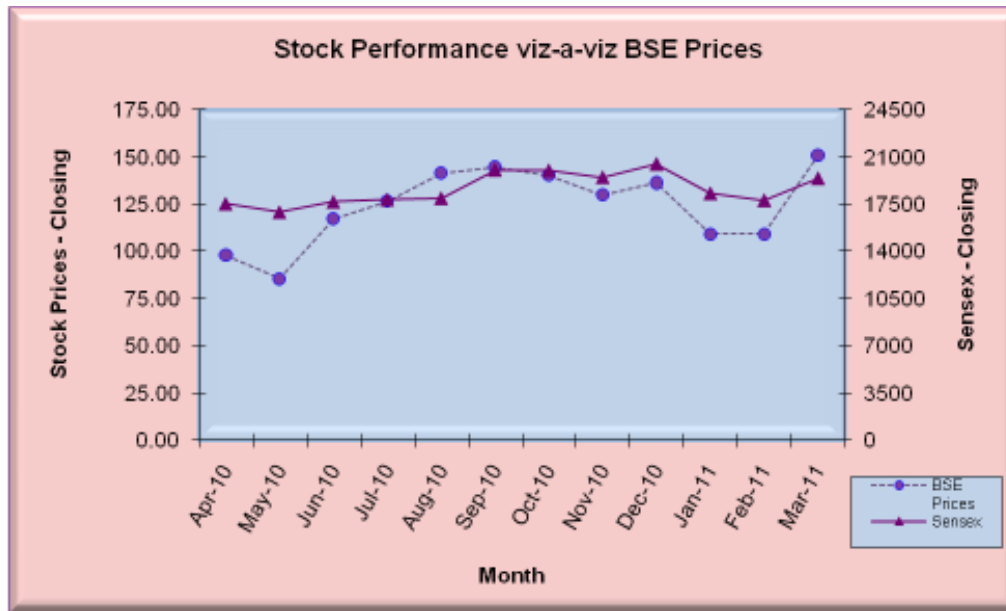
**(viii) Share price performance in comparison to BSE Sensex based on share price on 31-03-2011:**

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, 2010	122.90	75.55	98.00	18047.86	17276.80	17558.71
May, 2010	99.80	75.10	85.60	17536.86	15960.15	16944.63
June, 2010	117.35	79.30	117.35	17919.62	16318.39	17700.90
July, 2010	172.00	113.00	126.75	18237.56	17395.58	17868.29
August, 2010	167.30	122.00	141.60	18475.27	17819.99	17971.12
September, 2010	163.00	135.50	144.65	20267.98	18027.12	20069.12
October, 2010	160.80	134.00	140.35	20854.55	19768.96	20032.34
November, 2010	156.00	115.00	130.00	21108.64	18954.82	19521.25
December, 2010	140.00	116.05	136.25	20552.03	19074.57	20509.09
January, 2011	149.45	108.00	109.20	20664.80	18038.48	18327.76
February, 2011	118.00	89.05	109.20	18690.97	17295.62	17823.40
March, 2011	157.55	106.05	150.80	19575.16	17792.17	19445.22



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-380009.

(x) **Share Transfer system :**

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

(xi) **Secretarial Audit:**

A practicing Company Secretary carried out secretarial audit in each of the quarter in the Financial Year – 2010-2011, 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 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, 2011 :**

No. of Equity Shares held	No. of Share holders	No. of Shares	% of Shares
1-500	10136	793183	11.03
501-1000	193	155690	2.17
1001-2000	107	162902	2.27
2001-3000	38	96330	1.34
3001-4000	17	60279	0.84
4001-5000	15	69746	0.97
5001-10000	27	202644	2.82
10001- 50000	45	904166	12.58
50001-100000	9	592922	8.25
100001 & above	7	4149968	57.73
<b>Total:</b>	<b>10594</b>	<b>7187830</b>	<b>100.00</b>



**(b) Categories of Shareholders as on 31st March, 2011 :**

Category of Shareholder	No. of Equity Shares held	% to total Shares
<b>A : Promoters and Promoters' Group :</b>		
Directors	671816	9.35
Directors' relatives	419841	5.84
HUFs	241010	3.35
Group Companies	3119484	43.40
<b>Total (A) :</b>	<b>4452151</b>	<b>61.94</b>
<b>B : Public :</b>		
Foreign Institutional Investors (FIIs)	500700	6.96
Mutual Funds & UTI	7450	0.10
NRIs/OCBs	30231	0.42
Bodies Corporate	670296	9.33
Nationalized Banks	1650	0.02
Trust	2	0.00
HUF	40567	0.56
Public	1484783	20.67
<b>Total (B) :</b>	<b>2735679</b>	<b>38.06</b>
<b>Total (A) + (B)</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 59,79,086 Equity Shares of the Company representing 83.18% of the total paid-up capital of the Company have been dematerialised upto 31-03-2011. 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.  
3) Dudheshwar Road, Ahmedabad (Gujarat)
- 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 :-

- 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
- Secretarial & Share Department  
**Secretarial & Share Department of the Company** have been shifted from Vadilal House, Shrimali Society, Nr. Navrangpura Rly. Crossing, Navrangpura, Ahmedabad – 380 009 to B/404, 4th Floor, "Time Square" Building, C. G. Road, Nr. Lal Bunglow Char Rasta, Navrangpura, Ahmedabad - 380 009.
- E-mail ID for investors' grievance purpose : 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 contact 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.

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

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

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

**DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT**

In terms of the requirement of the amended Clause 49 of Listing Agreement with the Stock Exchanges regarding Corporate Governance, we hereby confirm that all Board Members and Senior Management Personnel of Vadilal Industries Limited have affirmed the compliance of Code of Business Conduct and Ethics for the year ended on 31st March, 2011.

**For VADILAL INDUSTRIES LIMITED**

Place : Ahmedabad

Date : 13th July, 2011.

  
DEVANSHU Z. GANDHI  
MANAGING DIRECTOR

  
RAJESH R. GANDHI  
MANAGING DIRECTOR

**CERTIFICATE**

The Members of  
Vadilal Industries Limited,  
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by **Vadilal Industries Limited**, for the year ended on **31<sup>st</sup> March, 2011**, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Date : July 18, 2011  
Place : Ahmedabad

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



## AUDITORS' REPORT

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

1. We have audited the attached balance sheet of **Vadilal Industries Limited** as at **March 31, 2011**, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditors' Report] Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
    - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
    - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
    - (v) On the basis of the written representations received from directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, on the said date.
    - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
      - (b) in the case of the profit & loss account, of the 'Profit' of the company for the year ended on that date;and
      - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

**Mayank S. Shah**  
Partner

**Place : Ahmedabad**  
**Date : July 18, 2011**

**Membership No.: 44922**

### ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF VADILAL INDUSTRIES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011.

- (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 except plant and machinery during the year. In absence of physical verification of fixed assets except plant and machinery, material discrepancies if any could not be ascertained. In respect of plant and machinery reconciliation of physical verification with book records is under progress.
  - (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, inventory have been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory and the discrepancies noticed on such physical verification between physical stocks and book records have been adequately dealt with in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :



- [a] The company has granted interest free loan to subsidiary company. The maximum amount involved during the year and year end balance of loan granted is Rs. 70.85 lacs.
- [b] In our opinion other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
- [c] In respect of loans given by the company, principal amount is repayable on demand and therefore the question of overdue amount does not arise.
- [d] The company has taken unsecured loan from two companies. The year end and maximum outstanding balance of loan taken from such parties is Rs. 14.05 lacs and Rs. 170.47 lacs respectively.
- [e] In our opinion, the rate of interest and other terms and conditions of such loan is not *prima facie* prejudicial to the interest of the company.
- [f] In respect of loan taken by the company, the interest payments are regular and the principal amount is repayable on demand.
- (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 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 are informed that Central Government has not prescribed under section 209 [1][d] of the Companies Act, 1956, maintenance of cost records for the products manufactured by the company.
- (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.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31st March, 2011 for the period of more than six months from the date they become payable except sales tax of Rs.18.33 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, 2011 that have not been deposited by the company, are as under:

(Rs. in lakhs)

Sr. No.	Dispute under:	Amount (net of deposit) (Rs.)	Period to which the amount relates	Forum where dispute is pending
(i)	Central Sales Tax Act and Sales Tax Act of various states	23.24	1998-99	- High Court
		12.49	2000-01	- Jt. Commissioner
		15.74	2000-01	- Dy Commissioner
		1.55	2001-02	- Dy Commissioner
		0.60	2002-03	- Tribunal
		2.39	2003-04	- Jt. Commissioner
(ii)	Income Tax Act, 1961	0.46	2003-04	- Jt. Commissioner
		3.67	2004-05	- Tribunal
		3.16	1996-97	- Tribunal
		3.12	1999-00	- High Court
(iii)	Central Excise Act	1.37	2006-07	- A.O
		2.45	2006-07	- CIT Appeals
		1.16	2006-07	-Asst. Commissioner

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

(Rs. in lakhs)

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

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

facie been used for the purpose for which they were raised. The term loans outstanding at the beginning of the year were applied for the purpose for which they were obtained.

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

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

**Mayank S. Shah**  
Partner

**Place : Ahmedabad**  
**Date : July 18, 2011**

**Membership No.: 44922**



**BALANCE SHEET AS AT 31ST MARCH, 2011**

SCHEDULE	(₹ in Lacs)	As At	As At
		31.03.2011 (₹ in Lacs)	31.03.2010 (₹ in Lacs)
<b>I SOURCES OF FUNDS :</b>			
(1) Shareholders' Funds:			
Share Capital	1	718.78	718.78
Reserves & Surplus	2	3,601.62	3,239.33
		4,320.40	3,958.11
(2) Deferred Government Grant		28.77	31.97
(3) Loan Funds :			
Secured Loans	3	10,942.51	7,212.29
Unsecured Loans	4	3,341.01	2,008.54
		14,283.52	9,220.83
(4) Deferred Tax Liability (Net)	5	782.70	549.19
TOTAL ->		19,415.39	13,760.10
<b>II. APPLICATIONS OF FUNDS :</b>			
(1) Fixed Assets :	6		
(a) Gross Block		14,880.32	9,795.66
Less : Depreciation		5,331.65	4,558.56
Net Block		9,548.67	5,237.10
(b) Capital Work - In - Progress (Including Capital Advances)		2,614.30	3,049.90
		12,162.97	8,287.00
(2) Investments :	7	158.31	158.75
(3) Current Assets, Loans & Advances :			
(a) Inventories	8	5,588.85	5,573.21
(b) Sundry Debtors	9	3,494.54	3,209.37
(c) Cash & Bank Balances	10	138.06	246.56
(d) Other Current Assets	11	289.06	272.87
(e) Loans & Advances	12	1,450.36	1,122.51
Sub Total (A) ->		10,960.87	10,424.52
LESS : Current Liabilities & Provisions :			
(a) Current Liabilities	13	3,662.33	4,680.84
(b) Provisions	14	254.49	491.95
Sub Total (B) ->		3,916.82	5,172.79
Net Current Assets (A - B)		7,044.05	5,251.73
(4) Misc. Expenditure (To the extent not written off or adjusted)	15	50.06	62.62
TOTAL ->		19,415.39	13,760.10
Significant Accounting Policies	22		
Notes to Financial Statements	23		

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

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : 18th July, 2011

For and on behalf of the Board

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	SCHEDULE		Year Ended 31.03.2011 (₹ in Lacs)	Year Ended 31.03.2010 (₹ in Lacs)
<b>I INCOME :</b>				
(a) Income From Operations (Gross)	16	23,613.82		18,897.16
Less : Excise Duty on sales		32.02		0.89
Net Turnover			23,581.80	18,896.27
(b) Other Income	17		154.60	151.05
(c) Increase / (Decrease) in Stock	18		(645.88)	1,219.08
Total			23,090.52	20,266.40
<b>II EXPENDITURE :</b>				
(a) Materials Consumed and Purchase of goods	19		13,684.28	12,443.04
(b) Manufacturing & Other Expenses	20		6,879.66	5,747.29
(c) Financial Expenses (Net)	21		961.05	631.90
(d) Depreciation		823.06		588.74
(e) Impairment Loss		17.36		0.00
		840.42		588.74
Less : Withdrawn From Revaluation Reserve / Deferred Govt. Grant		23.77		23.77
			816.65	564.97
Total			22,341.64	19,387.20
III Profit before Exceptional & Prior year items			748.88	879.20
IV Prior Years' Adjustments (Net)			(0.21)	(0.05)
V Exceptional Items			0.00	0.00
VI Profit before Tax			748.67	879.15
VII Provision for Tax (Refer Note I on Schedule 22)				
- Current Tax			0.00	327.00
- Current (MAT Tax)		141.93		0.00
Less : MAT Credit Entitlement		(128.00)		0.00
			13.93	0.00
- Deferred Tax charge / (release)			233.51	(28.49)
- (Short) / Excess Provision of Tax / Deferred Tax of earlier years (Net)			6.94	(5.47)
			240.50	303.98
VIII Net Profit after Tax			508.17	575.17
IX Profit Brought Forward			340.72	286.28
Amount available for appropriation			848.89	861.45
Appropriations :				
(a) General Reserve			400.00	395.00
(b) Proposed Dividend			107.82	107.82
(c) Tax on Proposed Dividend			17.49	17.91
(d) Balance carried to Balance Sheet			323.58	340.72
Total			848.89	861.45
Basic and Diluted Earnings Per Share of ₹ 10 each (Refer Note 8 on Sch 23)			7.07	8.00
Significant Accounting Policies	22			
Notes to Financial Statements	23			

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

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : 18th July, 2011

For and on behalf of the Board

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	For the year ended 31.03.2011 (₹ in Lacs)	For the year ended 31.03.2010 (₹ in Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and Exceptional Items	748.88	879.20
Adjusted for		
Depreciation	840.42	588.74
Withdrawn From Revaluation Reserve /	(23.77)	(23.77)
Deferred Government Grant		
Loss / (Profit) on sale of Assets	0.01	(8.62)
Loss / (Profit) on sale of Investments	2.63	8.13
Loss / (Profit) on Partnership Firms (Net)	(39.46)	(13.21)
Provision For Doubtful Advances	0.00	0.29
Bad Debts	0.00	0.32
Voluntary Retirement Scheme	0.00	11.86
Upfront Interest on restructuring of Loan	6.12	7.13
Diminution in value of Current Investments	0.43	(0.11)
Diminution in value of Long Term Investments	0.00	6.53
Excess Provision written back	(24.06)	(13.26)
Dividend	(0.25)	(0.24)
Financial Expenses (Net)	961.05	631.90
Operating Profit before working capital changes	2,472.00	2,074.89
Adjusted for		
Trade and other Receivables	(419.47)	(483.17)
Inventories	(15.64)	(1,873.23)
Trade Payables and Liabilities	(1,013.96)	1,926.06
Deferred Revenue Expenditure	0.00	(40.93)
Cash Generated from Operations	1,022.93	1,603.62
Direct taxes (paid / adjusted)	(352.97)	(117.42)
Cash flow before extraordinary items	669.96	1,486.20
Net Prior Year Expenses	(0.21)	(0.05)
<b>Net Cash from Operating Activities</b>	669.75	1,486.15
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Loans given (Net)	(2.84)	21.63
Purchase of fixed assets	(4,684.22)	(3,339.43)
Sale of fixed assets	29.70	10.55
Purchase of Investments	(29.57)	(46.78)
Sale of Investments	65.61	168.76
Interest received	189.17	84.37
Dividend received	0.25	0.24
<b>Net Cash used in Investing Activities</b>	(4,431.90)	(3,100.66)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	5,546.14	3,572.06
Repayment of Long Term borrowings	(2,296.40)	(1,367.20)
Proceeds of Short Term borrowings (Net)	1,785.77	368.89
Interest paid	(1,220.72)	(811.14)
Dividend paid	(122.90)	(98.74)
<b>Net Cash used in Financing Activities</b>	3,691.89	1,663.87
Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)	(70.26)	49.36
Op. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 2.06 lacs (P.Y. ₹ 2.42 lacs))	190.92	141.56
Cl. Balance of Cash and Cash Equivalents (Includes unrealised exchange difference of ₹ 0.07 Lacs (P.Y. ₹ 2.06 lacs))	120.66	190.92
<b>Major Components of Cash and Cash Equivalents as at</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Cash and Cheques on hand	32.84	30.87
Balance With Banks		
On Current Accounts	43.94	57.97
On Fixed / Margin Money Deposit Accounts	43.88	102.08
	<u>120.66</u>	<u>190.92</u>

**Notes :**

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

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

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : 18th July, 2011

For and on behalf of the Board

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011





## SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 1 SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
1,50,00,000 (P.Y. 1,00,00,000) Equity Shares of ₹ 10/- each	1,500.00	1,000.00
	1,500.00	1,000.00
<b>ISSUED AND SUBSCRIBED :</b>		
71,88,230 (P.Y. 71,88,230) Equity Shares of ₹ 10/- each	718.82	718.82
	718.82	718.82
<b>PAID UP :</b>		
71,87,830 (P.Y. 71,87,830) Equity Shares of ₹ 10/- each	718.78	718.78
(Of the above Equity Shares 15,53,500 Equity Shares are allotted as fully paid up by way of Bonus Shares by Capitalisation of General Reserve of ₹ 155.35 lacs and 5,08,230 Equity Shares of ₹ 10/- each issued as fully paid up pursuant to the scheme of amalgamation of Vadilal Financial Services Limited with the company)		
	718.78	718.78

### SCHEDULE : 2 - RESERVES & SURPLUS

	Balance As at 01.04.2010 (₹ in Lacs)	Addition During the Year (₹ in Lacs)	Deduction/ Adjustment During the year (₹ in Lacs)	Balance As at 31.03.2011 (₹ in Lacs)
1 Capital Reserve	8.84 (8.84)	0.00 (0.00)	0.00 (0.00)	8.84 (8.84)
2 Securities Premium Account	487.27 (487.27)	0.00 (0.00)	0.00 (0.00)	487.27 (487.27)
3 General Reserve	2,300.00 (1,905.00)	400.00 (395.00)	0.00 (0.00)	2,700.00 (2,300.00)
4 Revaluation Reserve *	102.50 (123.43)	0.00 (0.00)	20.57 (20.93)	81.93 (102.50)
(Refer Note No D (ii) on Schedule 22)				
5 Profit & Loss Account	340.72 (286.28)	323.58 (a) (340.72)	340.72 (b) (286.28)	323.58 (340.72)
	3,239.33 (2,810.82)	723.58 (735.72)	361.29 (307.21)	3,601.62 (3,239.33)

NOTE: Figures shown in Bracket relate to previous year

* Opening Balance	102.50
Less : Utilised during the year	20.57
	81.93

(a) Transferred from  
(b) Transferred to

	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 3 SECURED LOANS</b>		
<b>A TERM LOANS :</b>		
I) From Financial Institutions	1,328.13	415.63
II) From Banks	5,281.50	3,571.43
Add : Interest accrued & due	45.94	20.82
	5,327.44	3,592.25
III) From Others	1.11	2.09
(Principal repayable within One year ₹ 768.28 Lacs (P.Y. ₹ 448.63 Lacs))		
<b>B WORKING CAPITAL LOANS</b>		
From Banks	4,282.77	3,197.51
Add : Interest accrued & due	3.06	4.81
	4,285.83	3,202.32
Carried Forward....	10,942.51	7,212.29



	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
Brought Forward....	10,942.51	7,212.29
(A) 1) Existing Term loans from IDBI, SBI and Exim aggregating to ₹ 21 Crores and from BOB, SBI and Exim Bank aggregating to ₹ 30 crores 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 1st and 2nd charge on pari-passu basis :		
i Dudheshwar, Ahmedabad (Icecream Plant) (1st Charge)		
ii Dharampur, Dist.: Valsad (Canning Unit) (1st Charge)		
iii Basement and 3rd Floor, Vadilal House, Navrangpura Ahmedabad, (Office Complex) (1st Charge)		
iv Village Pundhra, Tal : Mansa, Dist. :Gandhinagar (Icecream Plant) (1st Charge)		
v Unit - I, Parsakhera Industrial Estate,Bareilly, U.P (Icecream Plant) (1st Charge)		
vi Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant and machineries (2nd charge)		
vii Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (2nd Charge)		
viii Dharampur, Dist. : Valsad (New Land) (1st Charge)		
ix Unit - II, Parsakhera Industrial Estate, Bareilly, U.P (icecream Plant) (Only on movable properties as 1st charge) (excluding specific plant & machineries)		
x Gomitpur, Ahmedabad (earlier in Gujarat Cup Company, a partnership Firm) (Only on movable properties as 1st charge)		
xi Gomitpur, Ahmedabad (earlier in Vadilal Cone Company) (Only on movable properties as 1st charge)		
2) Term Loans aggregating to ₹ 30 crores as above are also secured by mortgage and hypothecation on immovable and movable properties of the company situated at Bareilly, Parsakhera industrial Area, U.P. (New Land -F -12)		
3) The above Term Loans are also secured by way of Hypothecation on entire current assets of the company on 2nd pari-passu charge basis		
4) The Existing (Old) Term Loan of ₹ 6 Crores from IDBI Bank Ltd. are also secured by mortgage and hypothecation on some of the above immovable and movable properties of the company by way of 1st charge and also hypothecation on specific plant and machineries situated at IQF unit, Dharampur and Bareilly Unit - II		
5) Vehicle Loans are secured by hypothecation of vehicles		
(B) 1) Working Capital facilities from consortium banks namely BOB, SBI, SBT, IDBI Bank Ltd and Exim Bank aggregating to ₹ 65.28 crores (enhanced from ₹ 45.25 crores after repayment of ₹ 4 crores to SIB) are secured by way of English mortgage on Immovable properties and hypothecation on movable properties of the company situated at the following places by way of 1st & 2nd Charge on pari-passu basis :-		
i Dudheshwar, Ahmedabad (Icecream Plant) (2nd Charge)		
ii Dharampur, Dist.: Valsad (Canning Unit) (2nd Charge)		
iii Basement and 3rd Floor, Vadilal House, Navrangpura Ahmedabad, (Office Complex) (2nd Charge)		
iv Village Pundhra, Tal : Mansa, Dist. :Gandhinagar (Icecream Plant) (2nd Charge)		
v Unit - I, Parsakhera Industrial Estate,Bareilly, U.P (Icecream Plant) (2nd Charge)		
vi Dharampur, Dist.: Valsad (IQF Unit - excluding specific plant and machineries (1st charge)		
vii Ground and 2nd Floor, Vadilal House, Navrangpura, Ahmedabad (Office Complex) (1st Charge)		
viii 4 Flats No 801 to 804, Maruti Centre, Gurukul, Drive-in Road, Ahmedabad (Flats), (1st Charge)		
ix Unit - II, Parsakhera Industrial Estate, Bareilly, U.P (icecream Plant) (Only on movable properties as 2nd charge) (excluding specific plant & machineries)		
Carried Forward....	10,942.51	7,212.29



	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)					
Brought Forward....	10,942.51	7,212.29					
x Gomitpur, Ahmedabad (earlier in Gujarat Cup Company, a partnership Firm) (Only on movable properties as 2nd charge)							
xi Gomitpur, Ahmedabad (earlier in Vadilal Cone Company) (Only on movable properties as 2nd charge)							
xii Dharampur, Dist. : Valsad (New Land) (2nd Charge)							
xiii Bareilly, parsakhera Industrial Area, U.P. (New land -F-12) (2nd Charge)							
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.							
(C) The Term Loans and Working Capital facilities are also secured by Personal Guarantee of some of the Directors of the company and also guaranteed by Three Companies							
	<u>10,942.51</u>	<u>7,212.29</u>					
<b>SCHEDULE : 4 - UNSECURED LOANS</b>							
Fixed Deposits	1,252.05	972.80					
Add: Interest accrued and Due	19.80	16.00					
(Repayable within One year ₹ 774.97 Lacs (P.Y. ₹ 621.90 Lacs))	<u>1,271.85</u>	<u>988.80</u>					
Inter Corporate Deposits	993.73	663.14					
Security Deposits from Customers	75.01	56.70					
Short Term Loans							
From banks	1,000.42	299.90					
	<u>3,341.01</u>	<u>2,008.54</u>					
<b>SCHEDULE : 5 - DEFERRED TAX LIABILITY (NET)</b>							
(Refer Note No I (a) on Schedule 22)							
Deferred Tax Liability							
Difference between book and Income Tax Depreciation	905.33	587.98					
Other Timing Difference	8.86	10.89					
	<u>914.19</u>	<u>598.87</u>					
Deferred Tax Assets							
Expenditure under section 43 B of the Income Act, 1961	29.02	34.25					
Other Timing Difference	102.47	15.43					
	<u>131.49</u>	<u>49.68</u>					
Deferred Tax Liability (Net)	<u>782.70</u>	<u>549.19</u>					
<b>SCHEDULE : 6 FIXED ASSETS (Refer Note No D on Schedule 22)</b>							
(₹ in Lacs)							
PARTICULARS	GROSS BLOCK (AT COST / REVALUED)				DEPRECIATION Up to 31.03.2011	NET BLOCK	
	As At 31.03.2010	Addition	Deduction/ Impairment Loss	As At 31.03.2011		As At 31.03.2011	As At 31.03.2010
Land (Freehold)	164.66	0.00	0.00	164.66	0.00	164.66	164.66
Land (Leasehold)	112.57	0.00	0.00	112.57	3.58	108.99	110.78
Buildings	2,140.68	948.92	0.00	3,089.60	550.61	2,538.99	1,670.52
Plant & Machinery	6,739.24	4,143.73	67.30	10,815.67	4,295.23	6,520.44	3,106.95
Furniture & Fixtures	131.84	4.58	0.00	136.42	108.53	27.89	27.16
Office Equipments	325.76	30.56	0.34	355.98	263.74	92.24	75.08
Vehicles	180.91	24.51	0.00	205.42	109.96	95.46	81.95
Total	9,795.66	5,152.30	67.64	14,880.32	5,331.65	9,548.67	5,237.10
Previous year	9,379.81	478.81	62.96	9,795.66	4,558.56	5,237.10	5,349.31
Capital W I P	3,049.90	2,614.30	3,049.90	2,614.30	0.00	2,614.30	3,049.90
Previous Year	158.81	3,049.90	158.81	3,049.90	0.00	3,049.90	158.81
<b>Notes</b>							
I Land & Building includes ₹ 24.94 lacs (P.Y. ₹ 24.94 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 ₹ 135.93 lacs (P. Y. ₹ 53.22 Lacs) and shown in additions to fixed assets ₹ 100.86 Lacs (P. Y. ₹ Nil) and in closing Capital work in progress ₹ 35.07 Lacs (P.Y. ₹ 53.22 Lacs)		
IV	Estimated amount of contracts (Net Amount) remaining to be executed on capital account not provided for ₹ 422.09 Lacs (P.Y. ₹ 506.46 lacs)		
V	Capital Work in progress includes -		
	i) ₹ 1832.03 Lacs (P.Y. ₹ 2168.00 Lacs) on account of Construction materials at site		
	ii) ₹ 705.93 Lacs (P.Y. ₹ 800.84 Lacs) on account of Capital Advances		
	iii) ₹ 76.34 Lacs (P.Y. ₹ 81.06 Lacs) on account of Preoperative expenses		
		31.03.2011 (₹ in Lacs)	31.03.2010 (₹ in Lacs)
	Preoperative Expenses		
a	Opening Balance	81.06	0.00
b	Add :		
	Expenses Incurred towards acquisition of Fixed assets	95.81	27.84
	Interest Capitalised	135.93	53.22
c	Less :	231.74	81.06
	Capitalised during the year	236.46	0.00
	Closing Balance	76.34	81.06
VI.	Adjusted Depreciation upto 01.04.2010		4,558.56
	Add : Depreciation for the year		823.06
			5,381.62
	Less : Depreciation adjusted on Assets Sold / Discarded / Impairment Loss / Transferred during the year		49.97
			5,331.65

	Face Value (in ₹.)	No of Units / Shares	As At 31.03.2011 (₹. in Lacs)	No of Units / Shares	As At 31.03.2010 (₹. in Lacs)
--	-----------------------	----------------------	----------------------------------	----------------------	----------------------------------

**SCHEDULE : 7 INVESTMENTS (At or below Cost)**

(Refer Note No E on Schedule 22)

**I Long Term Investments**

1	In Government / Other Securities				
	Unquoted				
	(i) 7 Year National Saving Certificates (Lodged with Govt. Authorities)	0.00	0	0.28	0
2	Trade Investments				
	a) In Equity Shares				
	Unquoted				
	(i) Vadilal Happinezz Parlour Ltd.	10.00	72500	7.25	72500
	(ii) Majestic Farm House Ltd.	10.00	74100	1.87	74100
	b) In Subsidiary Company				
	Vadilal Industries (Inc) USA - US \$	100.00	250	11.74	250
	c) In Partnership Firm (Refer Note No 6 (D) on Schedue 23)				
	(i) Vadilal Cold Storage	0.00	0	140.00	0
	d) Other Investments				
	Equity Shares - other than trade				
	Unquoted				
	(i) Textile Traders Co.op. Bank Ltd.	25.00	4195	1.05	4195
	(ii) Siddhi Co.op. Bank Ltd.	25.00	3540	0.89	3540
				163.08	163.08
	Less : Diminution in value of Investments			6.53	6.53
	Total (I)			156.55	156.55
	<b>II Current Investments</b>				
	In Equity Shares				
	Quoted				
	(i) Aminex Chemicals Ltd.	10.00	400	0.04	400



	Face Value (in ₹.)	No of Units / Shares	As At 31.03.2011 (₹. in Lacs)	No of Units / Shares	As At 31.03.2010 (₹. in Lacs)
(ii) Century Enka Ltd	10.00	15	0.06	15	0.06
(iii) Essar Steel Ltd.	10.00	60	0.01	60	0.01
(iv) Golden Agro Tech Industries Ltd	10.00	200	0.02	200	0.02
(v) Great Eastern Shipping Co.Ltd	10.00	100	0.04	100	0.04
(vi) Great Offshore Ltd	10.00	25	0.01	25	0.01
(vii) Interface Financial Services Ltd	1.00	25000	2.00	25000	2.00
(viii) Matrix Laboratories Ltd	2.00	120	0.64	120	0.64
(ix) Radhe Developers Ltd	1.00	49000	0.49	49000	0.49
(x) Saket Projects Ltd	10.00	2500	0.25	2500	0.25
(xi) Sanara Media Ltd. (500000 bonus shares received in previous year)	1.00	900000	1.24	900000	1.24
			4.80		4.80
Less : Diminution in value of Investments			3.04		2.60
Total (II)			1.76		2.20
Total (I+II)			158.31		158.75
Aggregate Value of -					
a. Quoted Investments					
Book Value			4.80		4.80
Market Value			2.04		5.63
b. Unquoted Investments					
Book Value			156.55		156.55
			(₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 8 INVENTORIES</b>					
(Refer Note No F on Schedule 22)					
Stores & Spares			241.86		172.34
Raw Materials			1,598.06		1,060.48
Packing Materials			806.87		760.18
Finished Goods			2,942.06		3,580.21
(Includes Goods in Transit ₹ 117.16 Lacs, P.Y. ₹ 120.43 Lacs))					
			5,588.85		5,573.21
<b>SCHEDULE : 9 DEBTORS (UNSECURED)</b>					
Outstanding over six months					
Considered Good			61.52		11.60
Considered Doubtful		0.37			0.37
Less : Provided for :		0.37			0.37
			0.00		0.00
Others					
Considered Good			3,433.02		3,197.77
			3,494.54		3,209.37
<b>SCHEDULE : 10 CASH &amp; BANK BALANCES</b>					
Cash Balance			32.84		30.87
(Including cheques on hand / DD in transit ₹ 15.63 Lacs (P.Y. ₹ 9.32 Lacs))					
Bank Balances.					
With Scheduled Banks.					
In Current Accounts			32.18		49.04
In Fixed / Margin Money Deposit Accounts *			61.28		157.72
In Unpaid Dividend A/c			11.76		8.93
Out of which deposit of ₹ 51.08 Lacs (P.Y. ₹ 150.95 Lacs) pledged with scheduled banks)					
			138.06		246.56



(₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE :11 OTHER CURRENT ASSETS</b>		
Interest Receivable	195.59	160.76
Export Benefits Receivable	93.47	112.11
	<u>289.06</u>	<u>272.87</u>
<b>SCHEDULE :12 LOANS &amp; ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	396.31	335.53
Considered Doubtful	9.50	9.50
Less : Provided for :	<u>9.50</u>	<u>9.50</u>
	0.00	0.00
	<u>396.31</u>	<u>335.53</u>
Staff Loan	11.97	9.75
Deposits with Government Authorities	199.75	181.00
Other Trade / Security Deposits	417.90	417.57
Advance Income Tax less Provision (Current Tax)	47.92	43.30
MAT Tax Entitlement	137.20	9.20
Loans in Current Account	15.34	9.74
Loans to Subsidiary	70.85	0.00
Balance with Firm in which company is a partner	153.12	116.42
	<u>1,450.36</u>	<u>1,122.51</u>
<b>SCHEDULE : 13 CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note No 11 on Schedule 23)	1,540.38	2,119.53
Other Liabilities	842.38	741.64
Acceptances	1,106.93	1,640.99
Advances From Customers	28.74	27.76
Interest accrued but not due on loans	78.73	86.14
Due to Managing Directors	8.60	25.33
Unclaimed Dividends *	11.75	8.92
Unpaid Matured Deposits *	33.52	26.39
Interest on Deposits *	11.30	4.14
	<u>3,662.33</u>	<u>4,680.84</u>
* Does not include any amounts outstanding as on 31.03.2011 which are required to be credited to Investor Education and Protection Fund		
* These figures includes ₹ 0.15 Lacs (P.Y. ₹ 0.15 Lacs) due and outstanding as on date 31.03.2011, which is held in abeyance due to legal case pending		
<b>SCHEDULE : 14 PROVISIONS</b>		
Employee Benefits (Refer Note No G On Schedule 22)	104.09	127.77
Income Tax Less Advance Tax (Current Tax)	8.44	221.80
Proposed Dividend	107.82	107.82
Tax on Proposed Dividend	17.49	17.91
Other Provisions	16.65	16.65
	<u>254.49</u>	<u>491.95</u>
<b>SCHEDULE :15 MISCELLANEOUS EXPENDITURE</b>		
Upfront Interest on restructuring of loan (Refer Note No O (b) of Schedule 22)	0.72	2.21
Ancilliary Cost incurred in connection with Term Loans Borrowings (Refer Note No H(ii) of Schedule 22)	49.34	60.41
	<u>50.06</u>	<u>62.62</u>



	Unit of Measurement	Year Ended 31.03.2011		Year Ended 31.03.2010	
		(Qty)	(₹ in Lacs)	(Qty)	(₹ in Lacs)
<b>SCHEDULE : 16 INCOME FROM OPERATIONS</b>					
(Refer Note No C (i) on Schedule 22)					
Sales					
Ice-Cream & Frozen Desserts	K. Ltrs	35526	19,850.94	31394	15,509.43
Fruit Pulp, Frozen Fruits & Vegetables	M.Tonnes	5974	3,727.00	6044	3,375.16
Others	--	--	30.69	--	7.74
Income from Money Changing Business			5.19	--	4.83
Sales includes Export Benefits / Licence / DEPB ₹ 132.69 Lacs (P.Y. ₹ 136.77 Lacs) and (loss) / gain on settlement of forward exchange contracts ₹ 11.05 Lacs (P.Y. ₹ 113.00 Lacs)					
			<u>23,613.82</u>		<u>18,897.16</u>
		(₹ in Lacs)	Year Ended 31.03.2011 (₹ in Lacs)	Year Ended 31.03.2010 (₹ in Lacs)	
<b>SCHEDULE : 17 OTHER INCOME</b>					
Profit on Sale of Fixed Assets (Net)			0.00		8.62
Share of Profit of Partnership Firm			39.46		13.21
(Refer Note No 2 (b) on Schedule 23)					
Excess Provision Written Back / Amount written off in earlier years recovered			24.06		13.26
Miscellaneous Income			90.76		60.56
Foreign Exchange Rate Fluctuation			0.07		55.16
(Refer Note No J on Schedule 22)					
Dividend (Gross)					
On Long Term Investments			0.25		0.24
			<u>154.60</u>		<u>151.05</u>
<b>SCHEDULE : 18 INCREASE / (DECREASE) IN STOCK</b>					
Closing Stock					
Finished Goods		2,942.06			3,580.21
Less : Excise Duty		8.91			1.18
			<u>2,933.15</u>		<u>3,579.03</u>
Opening Stock :					
Finished Goods		3,580.21			2,360.35
Less : Excise Duty		1.18			0.40
			<u>3,579.03</u>		<u>2,359.95</u>
			<u>(645.88)</u>		<u>1,219.08</u>
<b>SCHEDULE : 19 MATERIALS CONSUMED AND PURCHASE OF GOODS</b>					
Raw & Packing Materials Consumption (Refer Note No 17 on Schedule No 23)			13,554.34		11,756.45
Purchase of Finished Goods (Refer Note No 16 on Schedule No 23)			129.94		686.59
			<u>13,684.28</u>		<u>12,443.04</u>
<b>SCHEDULE : 20 MANUFACTURING AND OTHER EXPENSES</b>					
Employees' Expenses					
Salary, Wages, Allowances, Gratuity & Bonus, etc		986.18			940.89
Contribution to Provident & other funds		43.76			65.54
Staff Welfare Expenses		85.33			56.08
			<u>1,115.27</u>		<u>1,062.51</u>
Excise Duty others			38.07		35.67
Job Charges			1,059.63		825.27
Power & Fuel			1,785.41		1,379.22
Stores & Spares Consumption			60.21		47.06



	Year Ended 31.03.2011 (₹ in Lacs)	Year Ended 31.03.2010 (₹ in Lacs)
Warehouse Charges	235.59	129.95
Repairs		
Building	35.49	21.09
Machinery	167.36	118.04
Others	44.66	40.49
Other Manufacturing Expenses	96.05	82.61
Rent	35.79	33.21
Rates & Taxes	12.32	13.55
Insurance	42.80	27.84
Donation	8.58	0.63
Vehicle Repairs & Petrol Expenses	65.57	64.49
Research & Development Expenses (Refer Note No N on Schedule 22)	10.50	6.12
Directors' Sitting Fees	3.22	2.90
Travelling (Includes Directors Travelling ₹ 13.02 Lacs (P.Y. ₹ 14.14 Lacs)	84.16	80.71
Freight, Forwarding and other distribution expenses	1,450.90	1,253.90
Entry Tax and Sales Tax Assessment Dues	18.99	16.89
Advertisement & Sales Promotion	9.39	19.40
Sales Commission and Brokerage	11.70	9.35
Provision for Doubtful Debts & Advances	0.00	0.29
Bad Debts	0.00	0.32
Loss on sale of Fixed Assets	0.01	0.00
Loss on sale of Long Term Investments	2.63	8.13
Diminution in Value of Short Term Investments	0.43	(0.11)
Diminution in Value of Long Tern Investments	0.00	6.53
Sundry Balance Written Off / Settlement of Claims	13.61	28.60
Royalty	1.38	46.87
Other Expenses (Including Legal & Professional, Conveyance, Telephone, Postage, Printing & Stationery, etc)	469.94	385.76
	<u>6,879.66</u>	<u>5,747.29</u>
<b>SCHEDULE : 21 FINANCIAL EXPENSES (NET)</b> (Refer Note No H on Schedule 22)		
Fixed Loans	441.65	296.63
Bank Overdrafts	297.71	170.55
Fixed Deposits	119.40	97.16
Interest Others	83.70	51.57
Bill Discounting Charges	164.99	124.97
Brokerage & Other Financial Charges	77.60	73.10
	<u>1,185.05</u>	<u>813.98</u>
Less : Interest Income (TDS ₹ 21.99 lacs (P.Y. ₹ 18.61 lacs)	224.00	182.08
	<u>961.05</u>	<u>631.90</u>

#### SCHEDULE : 22

#### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

##### A) ACCOUNTING CONVENTION :

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

##### B) USE OF ESTIMATES :

Preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of 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.

##### C) REVENUE RECOGNITION :

###### i) SALES:

- 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, Export Incentives/ Licences & Forward Exchange Contracts and exclusive of Trade discount and VAT/Sales Tax.
- c) Excise duty paid for captive consumption of goods, where cenvat credit is not available, is shown as excise expenses.
- 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.
- D) FIXED ASSETS, DEPRECIATION AND EXPENDITURE DURING CONSTRUCTION PERIOD :**
- i) 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.
- ii) Free hold Land, Building and Plant & Machineries of Ice Cream Plant, Ahmedabad and Agri. Foods plant, Dharampur have been revalued as on 31st March 2000 and are shown at the value approved by an external valuer, using replacement basis policy.  
The net increase due to revaluation of such assets of ₹ 669.82 lacs (Previous year ₹ 669.82 lacs) is transferred to revaluation reserve account which stands reduced to ₹ 81.93 lacs as at 31st March 2011 (Previous year ₹ 102.50 lacs) after charging incremental depreciation and adjustment for disposal/inter unit transfer during the last eleven years. The revalued amount of ₹ 2296.94 lacs (Previous year ₹ 2296.94 lacs) stands substituted for historical cost of ₹ 1422.77lacs (Previous year ₹ 1422.77 lacs) in the gross block of fixed assets.
- 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.
- 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.
- E) INVESTMENTS :**  
Investments are classified into current and long term investments. Long term investments are carried at cost. A provision for diminution in value of long term 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.
- F) 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.                       |
- G) 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.

**H) 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.

**I) 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.

**J) 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, 2012.

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.

**K) 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.

**L) 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.

**M) 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 " Sales " in profit and loss account. However, from 2007-08, specific grants (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.

**N) 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.

**O) MISCELLANEOUS EXPENDITURE :**

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

**SCHEDULE : 23**

**NOTES TO FINANCIAL STATEMENTS**

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

	(₹ in Lacs)	
	C. Year	P. Year
I) Guarantees given by the company against Term Loans given to companies in which Directors are interested.	895.00	1245.00
Outstanding against this as at 31.03.2011	441.23	332.39
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 ₹ 18.03 lacs (P.Y. ₹ 18.03 lacs) Net of Tax	12.04	11.90
b) Related to a matter which is disputed by the company against which appeal is preferred. Gross ₹ 1.16 lacs (P.Y. ₹ 1.53 lacs) Net of Tax	0.77	1.01
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.	6.94	4.49
b) Against which Income Tax department has preferred appeal	166.65	125.10
c) In respect of erstwhile Vadilal Financial Services Limited (VFSL) Income Tax Demand ( including interest) for which the company has preferred appeal.	3.16	3.75
iii) <b>For Sales Tax -</b>		
Disputed by the company and against which company has preferred an appeal. Gross ₹ 83.11 lacs ( P.Y. ₹ 83.86 lacs ) Net of Tax	55.50	55.36
iv) <b>For other Matters -</b>		
Gross ₹ 1.66 lacs (P.Y. ₹ 1.66 lacs) Net of Tax	1.11	1.10
v) In respect of other labour suits pending before various courts, liability is unascertainable.	--	--
vi) Differential amount of custom/excise duty in respect of machinery imported under EPCG scheme.	707.42	660.16

- Note :
- a) Future cash outflows in respect of A (II) (i) to (v) above depends on ultimate settlement / conclusions with the relevant authorities.
  - b) Future cash outflows in respect of A (II) (vi) above depends if company is unable to fulfill export obligations of ₹ 5986.67 Lacs (P.Y.₹ 3960.95 Lacs) within next eight to twelve years.

**[B] Particulars of dues of Sales Tax,Income Tax and Excise duty as at March 31, 2011, which have not been deposited. [ ₹ in Lacs ]**

<b>(I) Disputed cases, where company has preferred appeals.</b>				
Name of Statute	Nature of dues	Amount (₹ in Lacs)	Period of which the amount relates	Forum where dispute is pending
(i) FOR SALES TAX ASST.DUES 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



Name of Statute	Nature of dues	Amount (₹ in Lacs)	Period of which the amount relates	Forum where dispute is pending
	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
	Asst.dues	0.00 (0.41)	2005-06	Jt.Comm.Appeals,S.Tax
Total		60.14 (60.55)		
(ii) FOR EXCISE Excise	Cenvat credit	0.00 (1.53)	2006-07	Appellate Commissioner
	Cenvat credit	1.16 (0.00)	2006-07	Asst.Commissioner
Total		1.16 (1.53)		
(iii) FOR INCOME TAX	Asst.dues	0.00 (0.59)	1995-96	ITAT
	Asst.dues	1.23 (1.23)	1996-97	ITAT
	Asst.dues	1.93 (1.93)	1996-97	ITAT
	Asst.dues	3.12 (3.12)	1999-00	High Court
	Asst.dues	1.37 (1.37)	2006-07	ASSESSING OFFICER
	Asst.dues	2.45 (0.00)	2006-07	CIT-APPEALS
Total		10.10 (8.24)		
(II) Decided in favour of the company but the department has preferred appeals.				
(i) Excise	Goods cleared without duty	4.58 (4.58)	1988-89	Asst.Commissioner
	Cenvat credit	4.28 (4.28)	2003-04	Asst.Commissioner
	Cenvat credit	9.17 (9.17)	2000-01	High Court, Hyderabad
Total		18.03 (18.03)		
(ii) I.Tax	I.Tax Asst.	50.46 (50.46)	1992-93	ITAT
		31.10 (31.10)	1993-94	ITAT
		7.84 (7.84)	1994-95	High Court
		14.06 (14.06)	1995-96	High Court
		16.03 (16.03)	1996-97	High Court
		0.51 (0.51)	2001-02	High Court
		5.10 (5.10)	2002-03	High Court
		41.55 (0.00)	1997-98	High Court
Total		166.65 (125.10)		

Note : Figures in brackets relate to previous year.

## 2) INVESTMENT IN PARTNERSHIP FIRMS

- i) The details regarding investment in the total capital of the partnership firm as well as Profit/Loss sharing ratio of the company alongwith other partner is stated hereunder :

<u>Investment in the Capital of -</u>	<u>(₹ in Lacs)</u>
M/S Vadilal Cold Storage	
Total Capital	₹ 142.90
Investment in Capital Account	₹ 140.00
<u>Name of the Partners</u>	<u>Share in Profit/Losses of the firm</u>
i) Vadilal Industries Limited	98 %
ii) Vadilal Chemicals Limited	2 %

- ii) Amount of share of profit in partnership firm amounting to ₹ 39.46 Lacs have been accounted on the basis of unaudited financial statements of the partnership firm.

## 3) a) OPERATING LEASE:-

- i) 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.
- ii) Lease payments are recognised as expense in the Profit & Loss Statement on a straight line basis over the lease term under expense head "Rent" and "Freight, Forwarding and Other distribution expenses" in Schedule 20 "Manufacturing and 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 Year five years
Total of minimum	160.23	232.88
lease payments	(181.45)	(55.55)

Note : Figures in brackets relate to previous year.

- 4) The company has written down the inventories to net realisable value during the year by ₹ 38.91 Lacs (Previous year ₹ 18.83 Lacs).

## 5) (i) Defined Contribution Plans:

Amount of ₹ 51.21 Lacs is recognised as expense and included in "Employee's Expenses" (Schedule 20) in the Profit and Loss Account.

## (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)	Leave Encashment Current Year (₹ in Lacs)	Gratuity Plan Previous Year (₹ in Lacs)	Leave Encashment Previous Year (₹ in Lacs)
Opening defined benefit				
Obligation as at 01.04.10	138.27	45.52	111.86	37.89
Service Cost	12.73	6.57	10.28	5.82
Interest Cost	11.32	3.73	9.17	3.11
Actuarial Losses (Gains)	(21.55)	(5.55)	12.86	0.84
Losses (Gains) on Curtailments	—	—	—	—
Liabilities extinguished on settlements	—	—	—	—
Benefits Paid	(2.31)	(3.63)	(5.90)	(2.14)
Closing defined benefit				
obligation as at 31.03.2011	138.46	46.63	138.27	45.52



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

Particulars	Gratuity Plan		Leave Encashment	
	Current Year (₹ in Lacs)		Previous Year (₹ in Lacs)	
Opening fair value of plan assets as at 01.04.2010	76.87	0.00	58.14	—
Expected return	7.86	0.17	6.08	—
Actuarial gains(Losses)	(1.26)	(0.14)	(0.65)	—
Assets distributed on Settlements	—	—	—	—
Contribution by employer	13.68	7.50	19.20	—
Benefit paid	(2.31)	(3.63)	(5.90)	—
Closing balance of fair value of plan Assets as at 31.03.2011	94.84	3.90	76.87	—

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

Particulars	Gratuity Plan		Leave Encashment	
	Current Year (₹ in Lacs)		Previous Year (₹ in Lacs)	
Amount to be recognised in Balance Sheet				
A) Present Value of Defined Benefit Obligation				
- Funded	94.84	3.90	76.87	—
- Unfunded	43.62	42.73	61.40	45.52
Total	138.46	46.63	138.27	45.52
Less: Fair Value of Plan Assets	94.84	3.90	76.87	—
- Unrecognised Past Service Costs	—	—	—	—
- Amount to be recognised as Liability	43.62	42.73	61.40	45.52
B) Amount Reflected in the Balance Sheet				
Liabilities	43.62	42.73	61.40	45.52
Assets	—	—	—	—
Net Liability/(Asset)	43.62	42.73	61.40	45.52

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

Particulars	Gratuity Plan		Leave Encashment	
	Current Year (₹ in Lacs)		Previous Year (₹ in Lacs)	
1. Current Service Cost	12.73	6.57	10.28	5.82
2. Interest cost	11.32	3.73	9.17	3.11
3. Expected return on plan assets	(7.86)	(0.17)	(6.07)	—
4. Net Actuarial Losses (Gains) recognised in yr.	(20.29)	(5.41)	13.51	0.84
5. Past service cost	—	—	—	—
6. Losses (gains) on Curtailments and Settlement	—	—	—	—
Total included in Employee's expense [Ref Sch. 20]	(4.10)	4.71	26.89	9.77
Actual return on plan assets	6.59	0.03	5.43	—

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

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

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

Particulars	Gratuity Plan	Leave Encashment	Gratuity Plan	Leave Encashment
	Current Year (₹ in Lacs)		Previous Year (₹ in Lacs)	
Discount rate	8.19%	8.19%	8.20%	8.20%
Expected return on plan assets	9.15%	9.00%	9.00%	0.00%
Proportion of employees opting for early retirement/Attrition rate	16.00%	16.00%	17.00%	17.00%
Annual increase in salary costs	6.00%	6.00%	6.00%	6.00%

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

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

**(i) Gratuity Plan: (₹ in Lacs)**

Particulars	Current Year	Previous Years		
	2010-11	2009-10	2008-09	2007-08
Defined benefit Obligation	138.46	138.27	111.86	91.31
Plan assets	94.84	76.87	58.14	47.46
Surplus / (Deficit)	(43.62)	(61.40)	(53.72)	(43.85)
Experience adjustment on plan Liabilities	—	—	—	—
Experience adjustment on plan Assets	—	—	—	—

**(ii) Leave Encashment:- (₹ in Lacs)**

Particulars	Current Year	Previous Years		
	2010-11	2009-10	2008-09	2007-08
Defined benefit Obligation	46.63	45.52	37.89	29.64
Plan assets	3.90	—	—	—
Surplus / (Deficit)	(42.73)	(45.52)	(37.89)	(29.64)
Experience adjustment on plan Liabilities	—	—	—	—
Experience adjustment on plan Assets	—	—	—	—

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

(h) The company expects to fund ₹ 10.00 Lacs & ₹ 5.00 Lacs towards gratuity plan and Leave Encashment reaspectively and ₹ 20.00 Lacs towards provident fund plan during the year 2011-12.

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.

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

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

Vadilal Industries (USA) Inc. : Subsidiary Company (w.e.f. 11 August 2009)

Vadilal Cold Storage : Partnership firm where share is more than 51 %

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

1) Associates: Vadilal Chemicals Ltd. (Upto 1st September, 2009)

2) Key Management Personnel :

i) Virendra R Gandhi

ii) Rajesh R Gandhi

iii) Devanshu L Gandhi

3) 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) Vadilal Happiness Parlour Ltd.

v) Veronica Constructions Pvt.Ltd.

vi) Padm Complex Pvt. Ltd.

vii) Majestic Farm House Ltd.

viii) Volute Constructions Pvt. Ltd.

ix) Valiant Constructions Pvt. Ltd.

4) Relative of Key Management Personnel :

Mamta R Gandhi



C) Transaction with related parties :							[₹ in Lacs]
Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Subsidiary	Control Exist	Associate	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
1	Sales :						
	i) Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	20514.36 (15,843.47)	20514.36 (15843.47)
	ii) Vadilal Industries (USA) Inc.	136.88 (69.72)	— (—)	— (—)	— (—)	— (—)	136.88 (69.72)
	iii) Others	— (—)	— (—)	— (—)	— (—)	62.85 (49.87)	62.85 (49.87)
2	Purchase :						
	Vadilal Chemicals Ltd.*	— (—)	0.00 (—)	0.00 (4.40)	— (—)	— (—)	0.00 (4.40)
3	Hire Charges/Rent paid :						
	Vadilal Cold Storage	— (—)	3.01 (2.85)	— (—)	— (—)	— (—)	3.01 (2.85)
4	Rent Income :						
	Vadilal Enterprises Ltd.	— (—)	— (—)	— (—)	— (—)	0.54 (0.90)	0.54 (0.90)
5	Interest paid :						
	i) Vadilal Happiness Parlour Ltd.	— (—)	— (—)	— (—)	— (—)	1.35 (1.23)	1.35 (1.23)
	ii) Padm Complex Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	3.22 (3.77)	3.22 (3.77)
	iii) Veronica Construction Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	11.62 (11.09)	11.62 (11.09)
	iv) Kalpit Realty & Services Ltd.	— (—)	— (—)	— (—)	— (—)	16.38 (7.14)	16.38 (7.14)
6	Salary paid :						
	Mamta R.Gandhi	— (—)	— (—)	— (—)	1.08 (1.23)	— (—)	1.08 (1.23)
7	Interest Income :						
	Vadilal International Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	3.75 (3.75)	3.75 (3.75)
8	Share of profit in Partnership Firm						
	Vadilal Cold Storage	— (—)	39.46 (13.21)	— (—)	— (—)	— (—)	39.46 (13.21)
9	Royalty paid/payable :						
	Vadilal International Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	1.38 (46.87)	1.38 (46.87)
10	Corporate guarantee taken :						
	i) Valiant Construction Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	0.00 (100.00)	0.00 (100.00)
	ii) Padm Complex & Volute Construction (Jointly provided)	— (—)	— (—)	— (—)	— (—)	9303.00 (10150.00)	9303.00 (10150.00)
11	Investment in shares of subsidiary						
	Vadilal Industries (USA) Inc.	11.74 (11.74)	— (—)	— (—)	— (—)	— (—)	11.74 (11.74)
12	Inter-Corporate Deposit Received						
	i) Veronica Constructions Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	260.00 (350.00)	260.00 (350.00)
	ii) Kalpit Realty & Services Ltd.	— (—)	— (—)	— (—)	— (—)	0.00 (250.00)	0.00 (250.00)
13	Inter-Corporate Deposit Re-paid						
	i) Veronica Constructions Pvt. Ltd.	— (—)	— (—)	— (—)	— (—)	0.00 (250.00)	0.00 (250.00)
	ii) Kalpit Realty & Services Ltd.	— (—)	— (—)	— (—)	— (—)	171.16 (100.00)	171.16 (100.00)





C) Transaction with related parties :							[₹ in Lacs]
Sr. No.	Particulars of Transaction & Name of related party with whom transaction are more than 10%	Subsidiary	Control Exist	Associate	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
14	Balance outstanding at year end :						
	a) Investments :						
	i) Vadilal Industries (USA) Inc.	11.74	—	—	—	—	11.74
		(11.74)	(—)	(—)	(—)	(—)	(11.74)
	ii) Others	—	140.00	—	—	1.87	141.87
		(—)	(140.00)	(—)	(—)	(1.87)	(141.87)
	b) Receivable :						
	Debtors						
	i) Vadilal Enterprises Ltd.	—	—	—	—	3270.97	3270.97
		(—)	(—)	(—)	(—)	(2861.36)	(2861.36)
	ii) Vadilal Industries (USA) Inc.	78.64	—	—	—	—	78.64
		(69.72)	(—)	(—)	(—)	(—)	(69.72)
	iii) Others	—	—	—	—	13.17	13.17
		(—)	(—)	(—)	(—)	(5.27)	(5.27)
	Loans & Advances Given						
	i) Vadilal International Pvt. Ltd.	—	—	—	—	375.25	375.25
		(—)	(—)	(—)	(—)	(375.25)	(375.25)
	ii) Vadilal Industries (USA) Inc.	70.85	—	—	—	—	70.85
		(—)	(—)	(—)	(—)	(—)	(0.00)
	iii) Vadilal Cold Storage	—	153.12	—	—	—	153.12
		(—)	(116.42)	(—)	(—)	(—)	(116.42)
	iv) PADM Complex Pvt Ltd	—	—	—	—	20.69	20.69
		(—)	(—)	(—)	(—)	(20.69)	(20.69)
	c) Payable :						
	ICD Taken						
	i) Padm Complex Pvt.Ltd.	—	—	—	—	29.23	29.23
		(—)	(—)	(—)	(—)	(33.90)	(33.90)
	ii) Vadilal Happiness Parlour Ltd.	—	—	—	—	14.05	14.05
		(—)	(—)	(—)	(—)	(12.84)	(12.84)
	iii) Veronica Constructions Pvt. Ltd.	—	—	—	—	380.44	380.44
		(—)	(—)	(—)	(—)	(109.98)	(109.98)
	iv) Kalpit Realty & Services Ltd.	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(156.42)	(156.42)
	Creditors						
	i) Vadilal International Pvt. Ltd.	—	—	—	—	1.25	1.25
		(—)	(—)	(—)	(—)	(18.34)	(18.34)
	d) Against corporate guarantee given :						
	Vadilal Enterprises Ltd.	—	—	—	—	441.23	441.23
		(—)	(—)	(—)	(—)	(332.39)	(332.39)
	e) Against corporate guarantee taken :						
	i) Vadilal Enterprises Ltd.	—	—	—	—	542.87	542.87
		(—)	(—)	(—)	(—)	(685.72)	(685.72)
	ii) Valiant Constructions Pvt. Ltd.	—	—	—	—	0.00	0.00
		(—)	(—)	(—)	(—)	(299.90)	(299.90)
	iii) Padm Complex & Volute Constructions	—	—	—	—	2550.36	2550.36
		(—)	(—)	(—)	(—)	(2948.12)	(2948.12)

Note : a) Payment to key management personnel in form of Managing Director's remuneration is shown in Note No. 13(a).  
b) Represents towards deposit & receivable  
c) Represents as capital investments and amount in current account with partnership firm in which company is partner.  
d) Investment in subsidiary of ₹ 11.74 Lacs equals to \$ 25000 & Loans and advance made ₹ 70.85 Lacs.  
e) Director's sitting fees is shown separately in accounts.  
f) Transaction of sales are shown net of VAT/ CST.  
g) Figures in brackets relate to previous year.



**D) Disclosure as required under clause No.32 of Stock Exchange listing agreement :**  
Loans/Advances and Investments of the company :

Particulars	O/S as at 31.03.11 (₹ in Lacs)	Maximum O/S during the year (₹ in Lacs)
<b>(I) SUBSIDIARY COMPANY</b>		
Vadilal Industries (USA) Inc.		
- Investments*	11.74 (11.74)	11.74 (11.74)
- Loan & Advance**	70.85 (0.00)	70.85 (0.00)
<b>(II) ASSOCIATES</b>		
Vadilal Chemicals Ltd.		
- Investments***	000.00 (000.00)	000.00 (162.04)
<b>(III) PARTNERSHIP FIRMS WHERE SHARE IS MORE THAN 51 %</b>		
Vadilal Cold Storage		
- Investments	140.00 (140.00)	140.00 (140.00)
- Loans & Advances	153.12 (116.42)	153.12 (116.42)

\* w.e.f. 11 August 2009.

\*\* Loans and Advance shown above, to Subsidiaries fall under the category of "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.

\*\*\* Upto 01 September 2009 only.

Figures in bracket relate to previous year.

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

a) Movement in provisions : (₹ in Lacs)

Sr. No.	Particulars of Disclosure	Class of Provisions		Total
		S.Tax/Entry Tax	Others	
1)	Balance as at 01.04.2010	16.65	0.00	16.65
2)	Additional provision during 2010-11	0.00	0.00	0.00
3)	Provision used during 2010-11	0.00	0.00	0.00
4)	Provision reversed during 2010-11	0.00	0.00	0.00
5)	Balance as at 31.03.2011	16.65	0.00	16.65

b) Nature of provisions :

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

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

**8) EARNINGS PER SHARE :**

a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit for the year disclosed in the profit and loss account.

b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 71,87,830.

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

**10) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

a) Derivative contracts entered into by the company and outstanding as on 31st March, 2011:

- All derivative and financial instruments acquired by the company are for hedging.
- Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2011- US \$ 2888518 equal to ₹ 1292.59 Lacs ( Previous year US \$ 2257314 equal to ₹ 1013.99 Lacs) Euro 51130 equal to ₹ 30.22 Lacs (Previous year Euro 511228 equal to ₹ 309.65 Lacs)

11) Based on the information available with the company, there are no suppliers who are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31,2011. Hence, the disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given. This is relied upon by the Auditors.


**12) AUDITORS REMUNERATION**

(₹ in Lacs)

	C.YEAR	P.YEAR
Audit fees	10.15	9.30
Tax Audit fees	4.20	3.40
Limited Review Certificates	1.54	1.49
Misc. Certification	5.08	5.98
Taxation matter fees	1.76	2.49
Out of pocket expenses	0.72	0.80
<b>Total</b>	<b>23.45</b>	<b>23.46</b>

**13) MANAGERIAL REMUNERATION**

- a) Salaries, Wages, Allowances, Bonus etc. includes ₹. 83.12 lacs towards Managing Director's remuneration as per details given below. (₹ in Lacs )

	C.YEAR	P.YEAR
Salary	48.00	43.20
Commission	6.14	24.06
Contribution to P.F.	5.76	5.18
Other perquisites in cash or kind	23.22	22.90
<b>Total</b>	<b>83.12</b>	<b>95.34</b>

- b) Computation of net profit u/s. 349 of the companies act,1956.

Net profit/(Loss) before tax for the year as per profit & loss a/c	748.67	879.15
Add :		
1) Depreciation charged in a/c's	840.42	588.74
Less : Withdrawn from Revaluation Reserve / Deferred Govt.Grant	23.77	23.77
	816.65	564.97
2) Director's remuneration	83.12	95.34
3) Sitting Fees	3.22	2.90
4) Loss on sale of assets u/s. 349(3)(c)(d)	—	—
5) Loss of a Capital nature in terms In terms of section 349(3)(d)	0.01	—
6) Provision for doubtful debts/Advances	0.00	0.29
7) Loss on sale of investment	2.63	8.13
	1654.30	1550.78
Less :		
1) Depreciation u/s 350 of the Companies Act, 1956	823.06	588.74
2) Profit of a capital nature in terms of section 349(3)(d)	—	8.62
3) Profit on sale of investment	—	—
	823.06	597.36
Net profit / (Loss) u/s 349 of the Companies Act, 1956	831.24	953.42
Commission eligible to two Managing Directors @ 2 % each (Previous year @ 2% each)	32.24	38.72
Commission restricted to and payable to Two Managing Directors @0.3693% each (Previous year @ 1.2617% # each)	6.14	24.06

# Note:- The Overall Managerial Remuneration to be paid to both the Managing Directors can not exceed 10% of the Net Profit of the Company and hence, the commission payable to the Managing Directors is restricted to 0.3693% of the Net Profit (instead of 2%) to each Managing Director.

**14) LICENSED, INSTALLED CAPACITY**

	Licensed capacity (as registered with DGTD/SIA*) (per annum)	** Installed capacity (as certified by Managing Director) (per annum)	Production
a) Ice cream & Frozen Dessert	20400* K.Ltrs (20400)* K.Ltrs	71250 K.Ltrs. (57900) K.Ltrs.	35735 KLtrs (31457) KLtrs
b) Fruit Pulp, Frozen Fruits & Vegetables	5400 MT (5400) MT	32500 MT (32500) MT	5217 MT (7804) MT
c) Sugar Cone		261.00 Nos. (231.00) in Lacs	142 Nos (152) in lacs
d) Paper Cup & Lid		1440.00 Nos. (1450.00) in lacs	1611 Nos (1500) in lacs

\* The company's products are exempted from licencing requirement under the new industrial policy via notification no. 477 (E) 25.07.1991.



\*\* This being technical matter the auditors have placed reliance on certificate issued by the Managing Director.

- 1) Figures in brackets relate to previous year.
- 2) i) Production of Fruit Pulp, Frozen Fruits & Vegetables includes 370 MT (Previous year 1185 MT ) processed by third parties, and 1133 MT (Previous year 1124 MT) used for captive consumption.  
ii) Production of Paper cup & Lids includes 117.90 nos. in Lacs (Previous year 75.87 nos. in Lacs) processed by third parties.
- 3) Licence Capacity is not applicable for Frozen Fruits and Vegetables.

**15) STOCK OF FINISHED GOODS :**

Sr. Products No.	Units	Opening Stock		Closing Stock	
		Qty.	(₹ In Lacs )	Qty.	(₹ In Lacs )
A) Ice cream & Frozen dessert	K.Ltrs.	1575.00	814.97	1644.00	946.02
		(1536.00)	(745.36)	(1575.00)	(814.97)
B) Fruit Pulp, Frozen Fruits & Vegetables	MT	6526.00	2765.24	4630.00	1996.04
		(4457.00)	(1614.99)	(6526.00)	(2765.24)

NOTE : Figures in brackets relate to previous year.

**16) QUANTITATIVE DETAILS IN RESPECT OF PURCHASE OF GOODS.**

Sr. Products No.	Units	Quantity	Purchase Value (₹ in Lacs)
A) Fruit Pulp, Frozen Fruits & Vegetable	MT	168	48.73
		(1683)	(677.10)
B) Others		—	81.21
		(—)	(9.49)

NOTE : Figures in brackets relate to previous year.

**17) CONSUMPTION OF RAW AND PACKING MATERIALS.**

Particulars	Units	C.YEAR		P.YEAR	
		Qty. in Lacs	Value ₹ in Lacs	Qty. in Lacs	Value ₹ in Lacs
Milk & Milk Prod.	Kgs.	132.63	4020.86	96.75	2982.75
Dry Fruits, Fresh Fruits & Vegetables	Kgs.	72.02	2286.33	122.85	2781.66
Packing Materials		—	2765.86	—	2425.93
Others		—	4481.29	—	3566.11
			13554.34		11756.45

NOTES :-

- 1) Inter godown transportation and Octroi charges included in others ₹ 4.71 lacs ( previous year ₹ 3.23 lacs).
- 2) Consumption of Raw and Packing Materials :

	C.YEAR ₹ in Lacs	% age	P.YEAR ₹ in Lacs	% age
1) Imported	123.76	0.92	160.58	1.37
2) Indigenous	13430.58	99.08	11595.87	98.63
	13554.34	100.00	11756.45	100.00

**18) STORES AND SPARES CONSUMED:**

	C.YEAR ₹ in Lacs	% age	P.YEAR ₹ in Lacs	% age
1) Imported	6.57	10.91	1.68	3.57
2) Indigenous	53.64	89.09	45.38	96.43
	60.21	100.00	47.06	100.00

**19) A) C.I.F.VALUE OF IMPORTS:-**

	C.YEAR	P.YEAR
	₹ in Lacs	₹ in Lacs
a) Raw Materials and Packing Materials	104.59	168.02
b) Stores and Spares	15.56	1.68
c) Capital Goods	952.37	321.73

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

i) Sales Promotion and Commission	20.06	18.00
ii) Travelling	3.33	3.96
iii) Freight	171.96	131.12
iv) Others	8.32	18.33
v) legal & Prof Charges	5.73	0.00

**C) EARNINGS IN FOREIGN CURRENCY:-**

Export of Goods (F.O.B.Value)	2285.30	2089.84
-------------------------------	---------	---------

**20) 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	2009-10	2008-09
Number of non-resident shareholders	69	12
Number of shares held by them on which dividend is due	27249	12052
Amount remitted to bank accounts in India of non-resident shareholders - ₹ in Lacs	0.41	0.14

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

**22) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

CIN No.	L91110GJ1982PLC005169	State Code	04
Balance Sheet Date	31.03.2011		

**II CAPITAL RAISED DURING THE YEAR (₹ IN LACS)**

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	Nil

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ IN LACS )**

Total liabilities	19415.39	Total Assets	19415.39
Sources of Funds			
Paid up capital	718.78	Reserves & Surplus	3601.62
(Incl.share capital suspense)			
Deferred Govt. Grant	28.77	Secured Loans	10942.51
Unsecured Loans	3341.01	Deferred Taxation (Net)	782.70
Application of Funds			
Net Fixed Assets	9548.67	Investments	158.31
Capital WIP	2614.30	Misc.Expenditure	50.06
Net current Assets	7044.05		
Accumulated Losses	Nil		

**IV PERFORMANCE OF COMPANY (₹ IN LACS)**

Turnover	23090.52	Total Expenditure	22341.85
Profit/(Loss) before tax	748.67	Profit/(Loss) after tax	508.17
Earnings per share (in ₹) Annualised	7.07	Dividend Rate	15%

**V GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY**

Item Code No. (ITC Code)	040210.09
Product Description	Ice Cream
Item Code No. (ITC Code)	081290.02
Product Description	Mango Pulp
Item Code No. (ITC Code)	200490.00
Product Description	Frozen Vegetable

Signatures to schedule 1 to 23

For and on behalf of the Board

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : 18th July, 2011

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

		SCHEDULE	As At	
			31.03.2011 (₹ in Lacs)	31.03.2010 (₹ in Lacs)
<b>I SOURCES OF FUNDS :</b>				
(1)	Shareholders' Funds:			
(a)	Share Capital	1	718.78	718.78
(b)	Reserves & Surplus	2	3,523.83	3202.89
				<u>3921.67</u>
(2)	Minority Interest		4,242.61	7.88
(3)	Deferred Government Grant		28.77	31.97
(4)	Loan Funds :			
(a)	Secured Loans	3	10,942.51	7,212.29
(b)	Unsecured Loans	4	3,341.01	2,008.54
				<u>9,220.83</u>
(5)	Deferred Tax Liability (Net)	5	782.70	549.19
	TOTAL ->		<u>19,345.48</u>	<u>13,730.74</u>
<b>II APPLICATIONS OF FUNDS :</b>				
(1)	Fixed Assets :	6		
(a)	Gross Block		15,202.45	10,100.16
	Less : Depreciation		5,537.08	4,756.58
	Net Block			<u>5,343.58</u>
(b)	Capital Work In Progress (Including Capital Advances)		2,614.30	3,049.90
				<u>8,393.48</u>
(2)	Investments :	7		
(a)	In Others		6.57	7.01
(3)	Current Assets, Loans & Advances :		6.57	7.01
(a)	Inventories	8	5,630.84	5,597.75
(b)	Sundry Debtors	9	3,455.34	3,275.69
(c)	Cash & Bank Balances	10	155.42	265.65
(d)	Other Current Assets	11	289.13	160.76
(e)	Loans & Advances	12	1,453.06	1,202.08
	Sub Total (A) ->		<u>10,983.79</u>	<u>10,501.93</u>
	LESS : Current Liabilities & Provisions :			
(a)	Current Liabilities	13	3,709.46	4,724.96
(b)	Provisions	14	265.15	509.34
	Sub Total (B) ->		<u>3,974.61</u>	<u>5,234.30</u>
	Net Current Assets (A - B)		7,009.18	5,267.63
(4)	Misc. Expenditure (To the extent not written off or adjusted)	15	50.06	62.62
	TOTAL ->		<u>19,345.48</u>	<u>13,730.74</u>
	Significant Accounting Policies	22		
	Notes to Financial Statements	23		

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

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : 18th July, 2011

For and on behalf of the Board

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

		SCHEDULE	Year Ended 31.03.2011 (₹ in Lacs)	Year Ended 31.03.2010 (₹ in Lacs)
I.	INCOME :			
(a)	Income From Operations (Gross)	16	23,871.63	19,072.63
	Less : Excise Duty on sales		32.02	0.89
	Net Turnover		23,839.61	19,071.74
(b)	Other Income	17	120.87	144.65
(c)	Increase / (Decrease) in stock	18	(628.43)	1,243.62
	Total		<u>23,332.05</u>	<u>20,460.01</u>
II.	EXPENDITURE :			
(a)	Materials Consumed and Purchase of goods	19	13,695.25	12,446.75
(b)	Manufacturing & Other Expenses	20	7,149.02	5,959.35
(c)	Financial Expenses (Net)	21	942.89	616.65
(d)	Depreciation		830.50	594.31
(e)	Impairment Loss		17.36	0.00
			<u>847.86</u>	<u>594.31</u>
	Less : Withdrawn From Revaluation Reserve / Deferred Govt. Grant		<u>23.77</u>	<u>23.77</u>
	Total		<u>824.09</u>	<u>570.54</u>
III.	Profit before Exceptional & Prior year items		<u>22,611.25</u>	<u>19,593.29</u>
IV.	Prior Years' Adjustments (Net)		720.80	866.72
V.	Exceptional Items		(0.21)	(0.05)
VI.	Profit before Tax		0.00	0.00
VII.	Provision for Tax		720.59	866.67
	- Current / MAT		152.40	337.24
	- Less : MAT Credit Entitlement		<u>(128.00)</u>	<u>0.00</u>
	- Deferred		24.40	337.24
	- (Short) / Excess Provision of Tax / Deferred Tax of earlier years (Net)		233.51	(28.49)
			<u>6.92</u>	<u>(5.47)</u>
VIII	Profits applicable to Minority interest		250.99	314.22
IX.	Net Profit after Tax		469.60	552.45
X	Profit Brought Forward		0.80	0.27
	Amount available for appropriation		<u>468.80</u>	<u>552.18</u>
	Appropriations :		<u>303.03</u>	<u>271.58</u>
	General Reserve		<u>771.83</u>	<u>823.76</u>
	Proposed Dividend		400.00	395.00
	Tax on Proposed Dividend		107.82	107.82
	Balance carried to Balance Sheet		17.49	17.91
	Total		<u>246.52</u>	<u>303.03</u>
	Basic and Diluted Earnings Per Share of ₹ 10/- each		<u>771.83</u>	<u>823.76</u>
			6.52	7.68
	Significant Accounting Policies	22		
	Notes to Financial Statements	23		

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

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : 18th July, 2011

For and on behalf of the Board

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011



**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET**

	(₹ in Lacs)	For the year ended 31.03.2011 (₹ in Lacs)	For the year ended 31.03.2010 (₹ in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before tax and Exceptional Items	720.80		866.72
Adjusted for			
Depreciation	847.86		594.31
Withdrawn From Revaluation Reserve /	(23.77)		(23.77)
Deferred Government Grant			
Loss / (Profit) on sale of Assets	0.01		(8.62)
Loss / (Profit) on sale of Investments	2.63		(6.60)
Provision For Doubtful Advances	0.00		0.29
Bad Debts Written Off	0.24		0.32
Voluntary Retirement Scheme	0.00		11.87
Upfront Interest on restructuring of Loan	6.12		7.13
Diminution in value of Current Investments	0.43		(0.11)
Diminution in value of Long Term Investments	0.00		6.53
Exchange Rate Difference on Consolidation	(1.97)		1.26
Excess Provision written back	(24.16)		(13.26)
Dividend	(0.25)		(0.24)
Financial Expenses (Net)	942.89		616.65
Operating Profit before working capital changes	<u>2,470.83</u>		<u>2,052.48</u>
Adjusted for			
Trade and other Receivables	(198.31)		(448.54)
Inventories	(33.09)		(1,897.77)
Trade Payables and Liabilities	(1,010.87)		1,948.36
Deferred Revenue Expenditure (VRS)	0.00		(40.93)
Cash Generated from Operations	<u>1,228.56</u>		<u>1,613.60</u>
Direct taxes (paid / adjusted)	(426.41)		(128.06)
Cash flow before extraordinary items	<u>802.15</u>		<u>1,485.54</u>
Net Prior Year Expenses	(0.21)		(0.05)
<b>Net Cash from Operating Activities</b>		801.94	1,485.49
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Loans given (Net)	(43.72)		27.98
Purchase of fixed assets	(4,672.46)		(3,356.76)
Sale of fixed assets	0.27		11.18
Purchase of Investments	(29.56)		(35.04)
Sale of Investments	65.61		168.75
Interest received	114.11		99.87
Dividend received	0.25		0.24
<b>Net Cash used in Investing Activities</b>		(4,565.50)	(3,083.78)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term borrowings	5,546.14		3,572.06
Repayment of Long Term borrowings	(2,296.40)		(1,367.20)
Proceeds of Short Term borrowings (Net)	1,785.77		368.89
Interest paid	(1,221.04)		(811.39)
Dividend paid	(122.90)		(98.74)
<b>Net Cash used in Financing Activities</b>		3,691.57	1,663.62
<b>Net Increase/(Decrease) in cash and Cash equivalents (A+B+C)</b>		(71.99)	65.33
Op. Balance of Cash and Cash Equivalents (Includes unrealised Exchange difference of ₹ 2.06 lacs (P.Y. ₹ 2.42 lacs))		210.01	144.68
Cl. Balance of Cash and Cash Equivalents (Includes unrealised Exchange difference of ₹ 0.07 lacs (P.Y. ₹ 2.06 lacs))		138.02	210.01
<b>Major Components of Cash and Cash Equivalents as at</b>		<b>31.03.2011</b>	<b>31.03.2010</b>
Balance With Banks - On Current Accounts		34.96	32.94
On Fixed / Margin Money Deposit Accounts		59.18	74.99
		43.88	102.08
		<u>138.02</u>	<u>210.01</u>

**Notes :**

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

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

For KANTILAL PATEL & CO.  
Chartered Accountants

Mayank S. Shah  
Partner  
Place : Ahmedabad  
Date : 18th July, 2011

For and on behalf of the Board

Ramchandra R. Gandhi : Chairman  
Virendra R. Gandhi : Vice-Chairman & Managing Director  
Rajesh R. Gandhi : Managing Director  
Devanshu L. Gandhi : Managing Director  
Nikhil Patel : Company Secretary

Place : Ahmedabad  
Date : 18th July, 2011





**SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 1 SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
1,50,00,000 (P.Y. 1,00,00,000) Equity Shares of ₹ 10/- each	1,500.00	1,000.00
	<u>1,500.00</u>	<u>1,000.00</u>
<b>ISSUED AND SUBSCRIBED :</b>		
71,88,230 (P.Y. 71,88,230) Equity Shares of ₹ 10/- each	718.82	718.82
	<u>718.82</u>	<u>718.82</u>
<b>PAID UP :</b>		
71,87,830 (P.Y. 71,87,830) Equity Shares of ₹ 10/- each	718.78	718.78
	<u>718.78</u>	<u>718.78</u>

**SCHEDULE : 2 RESERVES & SURPLUS**

	Balance As at 01.04.2010 (₹ in Lacs)	Addition During the Year (₹ in Lacs)	Deduction/ Adjustment During the year (₹ in Lacs)	Balance As at 31.03.2011 (₹ in Lacs)
1. Capital Reserve	8.84 (55.25)	0.00 (0.00)	0.00 (46.41)	8.84 (8.84)
2. Securities Premium	487.27 (487.27)	0.00 (0.00)	0.00 (0.00)	487.27 (487.27)
3. General Reserve	2,300.00 (1,905.00)	400.00 (395.00)	0.00 (0.00)	2,700.00 (2,300.00)
4. Revaluation Reserve *	102.49 (123.42)	0.00 0.00	20.57 (20.93)	81.92 (102.49)
5. Foreign Currency Translation Reserve	1.26 (0.00)	0.00 (1.26)	1.98 (0.00)	(0.72) (1.26)
6. Profit & Loss Account	303.03 (240.76)	246.52 (a) (272.21)	303.03 (b) (240.76) (30.82)	246.52 (303.03)
	<u>3,202.89</u> (2,811.70)	<u>646.52</u> (668.47)	<u>325.58</u> (277.28)	<u>3,523.83</u> (3,202.89)

NOTE: Figures shown in Bracket relate to previous year

* Opening Balance	102.49
Less : Utilised during the year	<u>20.57</u>
	<u>81.92</u>

(a) Transferred from  
(b) Transferred to

	(₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 3 SECURED LOANS</b>			
<b>A. TERM LOANS</b>			
i) From Financial Institutions		1,328.13	415.63
ii) Loans from Banks	5,281.50		3,571.43
Add : Interest Accrued and due	<u>45.94</u>		<u>20.82</u>
		5,327.44	3,592.25
iii) Loans from Others		1.11	2.09
(Principal repayable within One year ₹ 768.28 Lacs (P.Y. ₹ 448.63 Lacs))			
<b>B. WORKING CAPITAL LOANS</b>			
From Banks	4,282.77		3,197.51
Add : Interest Accrued and due	<u>3.06</u>		<u>4.81</u>
		4,285.83	3,202.32
		<u>10,942.51</u>	<u>7,212.29</u>



	(₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)				
<b>SCHEDULE : 4 UNSECURED LOANS</b>							
Fixed Deposits	1,252.05		972.80				
Add: Interest accrued and Due (Repayable within One year ₹ 774.97 Lacs (P.Y. ₹ 621.90 Lacs))	19.80		16.00				
Inter Corporate Deposits		1,271.85	988.80				
Security Deposits from Customers		993.73	663.14				
Short Term Loans From Banks		75.01	56.70				
		1,000.42	299.90				
		<u>3,341.01</u>	<u>2,008.54</u>				
<b>SCHEDULE : 5 DEFERRED TAX LIABILITY (NET)</b>							
Deferred Tax Liability							
Difference between book and Income Tax Depreciation		905.33	587.98				
Other Timing Difference		8.86	10.89				
		<u>914.19</u>	<u>598.87</u>				
Deferred Tax Assets							
Expenditure under section 43 B of the Income Act, 1961		29.02	34.25				
Other Timing Difference		102.47	15.43				
		<u>131.49</u>	<u>49.68</u>				
Deferred Tax Liability (Net)		<u>782.70</u>	<u>549.19</u>				
<b>SCHEDULE : 6 FIXED ASSETS</b>							
	<b>(₹ in Lacs)</b>						
	<b>GROSS BLOCK (AT COST / REVALUED)</b>						
	As At 31.03.2010	Addition	Deduction	As At 31.03.2011			
				Up to 31.03.2011			
				<b>NET BLOCK</b>			
				As At 31.03.2011			
				As At 31.03.2010			
Land (Freehold)	164.66	0.00	0.00	164.66	164.66		
Land (Leasehold)	156.19	0.00	0.00	156.19	154.39		
Buildings	2,229.21	955.59	0.00	3,184.80	611.28	2,573.52	1,704.27
Plant & Machinery	6,904.80	4,146.42	67.30	10,983.92	4,434.65	6,549.27	3,134.82
Furniture & Fixtures	135.77	4.58	0.00	140.35	109.70	30.65	26.60
Office Equipments	328.60	31.06	0.34	359.32	266.61	92.71	76.88
Vehicles	180.93	32.28	0.00	213.21	111.26	101.95	81.96
	<u>10,100.16</u>	<u>5,169.93</u>	<u>67.64</u>	<u>15,202.45</u>	<u>5,537.08</u>	<u>9,665.37</u>	<u>5,343.58</u>
Previous year	9,666.98	496.14	62.96	10,100.16	4,756.58	5,343.58	5,444.66
Capital W I P	3,049.90	2,614.30	3,049.90	2,614.30	0.00	2,614.30	3,049.90
Previous Year	158.81	3,049.90	158.81	3,049.90	0.00	3,049.90	158.81
<b>NOTES :</b>							
I Land & Building includes ₹ 24.94 lacs (P.Y. ₹ 24.94 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 ₹ 135.93 Lacs (P.Y. ₹ 53.22 Lacs) and shown in additions to fixed assets ₹ 100.86 Lacs (P.Y. ₹ Nil) and in Closing Capital work in progress ₹ 35.07 Lacs (P.Y. ₹ 53.22 Lacs)							
IV Estimated amount of contracts (Net Amount) remaining to be executed on capital account not provided for ₹ 422.09 Lacs (P.Y. ₹ 506.46 lacs)							
V Capital Work in progress includes -							
i) ₹ 1832.03 Lacs (P.Y. ₹ 2168.00 Lacs) on account of Construction materials at site							
ii) ₹ 705.93 Lacs (P.Y. ₹ 800.84 Lacs) on account of Capital Advances							
iii) ₹ 76.34 Lacs (P.Y. ₹ 81.06 Lacs) on account of Preoperative expenses							
					31.03.2011 (₹ In lacs)	31.03.2010 (₹ In lacs)	
Preoperative Expenses							
a) Opening balance					81.06	0.00	
b) Add :							
Expenses incurred towards acquisition of fixed assets				95.81		27.84	
Interest Capitalised				<u>135.93</u>		<u>53.22</u>	
c) Less :							
Capitalised during the year					231.74	81.06	
					<u>236.46</u>	<u>0.00</u>	
d) Closing balance					<u>76.34</u>	<u>81.06</u>	



VI	Adjusted Depreciation upto 01.04.2010				4,756.88	
	Add : Depreciation for the Year				830.50	
					<u>5,587.08</u>	
	Less : Depreciation adjusted on Assets Sold / Discarded / Impairment Loss / Transferred during the year				50.00	
					<u>5,537.08</u>	
		Face Value in ₹	No of Units / Shares	As At 31.03.2011 (₹ in Lacs)	No of Units / Shares	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 7 INVESTMENTS (At or below Cost)</b>						
A	Long Term Investments					
1	In Government / Other Securities Unquoted					
(i)	7 Year National Saving Certificates (Lodged with Govt. Authorities)	0.00	0	0.28	0	0.28
2	Trade Investments					
a)	In Equity Shares Unquoted					
(i)	Vadilal Happinezz Parlour	10.00	72500	7.25	72500	7.25
(ii)	Majestic Farm House Ltd.	10.00	74100	1.87	74100	1.87
b)	Other Investments					
	Equity Shares - other than trade Unquoted					
(i)	Textile Traders Co-op Bank Ltd	25.00	4195	1.05	4195	1.05
(ii)	Siddhi Co-op Bank Ltd	25.00	3540	0.89	3540	0.89
				<u>11.34</u>		<u>11.34</u>
	Less : Diminution of Long Term Investments			6.53		6.53
	Total (A)			<u>4.81</u>		<u>4.81</u>
B	Current Investments					
	In Equity Shares Quoted					
(i)	Aminex Chemicals Ltd.	10.00	400	0.04	400	0.04
(ii)	Century Enka Ltd	10.00	15	0.06	15	0.06
(iii)	Essar Steel Ltd.	10.00	60	0.01	60	0.01
(iv)	Golden Agro Tech Ind Ltd	10.00	200	0.02	200	0.02
(v)	Great Eastern Shipping Co Ltd.	10.00	100	0.04	100	0.04
(vi)	Great Offshore Ltd	10.00	25	0.01	25	0.01
(vii)	Interface Financial Services Ltd.	1.00	25000	2.00	25000	2.00
(viii)	Matrix Laboratories Ltd	2.00	120	0.64	120	0.64
(ix)	Radhe Developers Ltd	1.00	49000	0.49	49000	0.49
(x)	Saket Projects Ltd	10.00	2500	0.25	2500	0.25
(xi)	Sanara Media Ltd.	1.00	900000	1.24	900000	1.24
				<u>4.80</u>		<u>4.80</u>
	Less : Diminution in value of Investments			3.04		2.60
	Total (B)			<u>1.76</u>		<u>2.20</u>
	Total (A+B)			<u>6.57</u>		<u>7.01</u>
				(₹ in Lacs)	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 8 INVENTORIES</b>						
	Stores & Spares				241.86	172.34
	Raw Materials				1,598.06	1,060.48
	Packing Materials				806.87	760.18
	Finished Goods (Includes Goods in Transit (Includes Goods in Transit ₹ 117.16 Lacs P.Y. ₹ 120.43 Lacs))				2,984.05	3,604.75
					<u>5,630.84</u>	<u>5,597.75</u>
<b>SCHEDULE : 9 DEBTORS (UNSECURED)</b>						
	Outstanding over six months					
	Considered Good				61.52	11.60
	Considered Doubtful			0.37		0.37
	Less : Provided for :			0.37		0.37
					0.00	0.00
	Others					
	Considered Good				3,393.82	3,264.09
					<u>3,455.34</u>	<u>3,275.69</u>



	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 10 CASH &amp; BANK BALANCES</b>		
Cash Balance (Including cheques on hand / DD in transit ₹ 15.63 Lacs (P.Y. ₹ 9.32 Lacs))	34.96	32.94
Bank Balances.		
(a) With Scheduled Banks.		
In Current Accounts	47.42	66.06
In Fixed / Margin Money Deposit Accounts *	61.28	157.72
In Unpaid Dividend A/c	11.76	8.93
Out of which deposit of ₹ 51.08 Lacs (P.Y. ₹ 150.95 Lacs) pledged with scheduled banks)		
	155.42	265.65
<b>SCHEDULE :11 OTHER CURRENT ASSETS</b>		
Interest Receivable	195.66	160.76
Export Benefits Receivable	93.47	0.00
	289.13	160.76
<b>SCHEDULE :12 LOANS &amp; ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	434.43	381.17
Considered Doubtful	9.50	9.50
Less : Provided for :	9.50	9.50
	0.00	0.00
	434.43	381.17
Staff Loan	13.03	11.73
Deposits with Government Authorities	201.96	183.21
Other Trade / Security Deposits	420.96	417.57
Advance Income Tax less Provision (Current Tax)	50.00	47.44
MAT Tax Entitlement	137.20	9.20
Loans in Current Account	195.48	151.76
	1,453.06	1,202.08
<b>SCHEDULE : 13 CURRENT LIABILITIES</b>		
Sundry Creditors	1,568.51	2,144.75
Other Liabilities	860.98	760.54
Acceptances	1,106.93	1,640.99
Advances From Customers	29.14	27.76
Interest accrued but not due on loans	78.73	86.14
Due to Managing Directors	8.60	25.33
Unclaimed Dividends *	11.75	8.92
Unpaid Matured Deposits *	33.52	26.39
Interest on Deposits *	11.30	4.14
* Does not include any amounts outstanding as on 31.03.2011 which are required to be credited to Investor Education and Protection Fund	3,709.46	4,724.96
* These figures includes ₹ 0.15 Lacs (P.Y. ₹ 0.15 Lacs) due and outstanding as on date 31.03.2011, which is held in abeyance due to legal case pending		
<b>SCHEDULE : 14 PROVISIONS</b>		
Employee Benefits	104.09	127.77
Income Tax Less Advance Tax (Current Tax)	19.10	239.19
Proposed Dividend	107.82	107.82
Tax on Proposed Dividend	17.49	17.91
Other Provisions	16.65	16.65
	265.15	509.34
<b>SCHEDULE :15 MISCELLANEOUS EXPENDITURE</b>		
Upfront Interest on restructuring of loan	0.72	2.21
Ancilliary Cost incurred in connection with Term Loan Borrowings	49.34	60.41
	50.06	62.62



	Unit of Measurement	Year Ended 31.03.2011		Year Ended 31.03.2010	
		(Qty)	(Rs. in Lacs)	(Qty)	(Rs. in Lacs)
<b>SCHEDULE : 16 INCOME FROM OPERATIONS</b>					
Sales					
Ice Cream & Frozen Desserts	K. Ltrs	35501	19,850.94	31394	15,515.82
Fruit Pulp, Frozen Fruits & Vegetables	M.Tonnes	5974	3,761.74	6044	3,340.57
Others		-	253.76	-	211.41
Income from Money Changing Business			5.19		4.83
Sales includes Export Benefits / Licence / DEPB ₹ 132.69 Lacs (P.Y. ₹ 136.77 Lacs) and (Discount) / Premium on settlement of Foreign Exchange Contracts ₹ 11.05 lacs (P.Y. ₹ 113.00 Lacs )					
			<u>23,871.63</u>		<u>19,072.63</u>
			(₹ in Lacs)	Year Ended 31.03.2011 (₹ in Lacs)	Year Ended 31.03.2010 (₹ in Lacs)
<b>SCHEDULE : 17 OTHER INCOME</b>					
Profit on Sale of Fixed Assets				0.00	8.62
Profit on Sale of Long Term Investments				0.00	6.60
Excess Provision Written Back				24.16	13.26
Miscellaneous Income				96.39	60.77
Foreign Exchange Rate Fluctuation				0.07	55.16
Dividend (Gross)					
On Long Term Investments				0.25	0.24
				<u>120.87</u>	<u>144.65</u>
<b>SCHEDULE : 18 INCREASE / (DECREASE) IN STOCK</b>					
Closing stock :					
Finished Goods		2,984.05			3,604.75
Less : Excise Duty		8.91			1.18
				2,975.14	3,603.57
Opening Stock :					
Finished Goods		3,604.75			2,360.35
Less : Excise Duty		1.18			0.40
				3603.57	2,359.95
				<u>(628.43)</u>	<u>1,243.62</u>
<b>SCHEDULE : 19 MATERIALS CONSUMED AND PURCHASE OF GOODS</b>					
Raw & Packing Materials Consumption				13,554.34	11,756.45
Purchase of Finished Goods				140.91	690.30
				<u>13,695.25</u>	<u>12,446.75</u>
<b>SCHEDULE : 20 MANUFACTURING AND OTHER EXPENSES</b>					
Employees' Expenses					
Salary, Wages, Allowances, Gratuity & Bonus, etc		1,031.93			973.68
Contribution to Provident & other Funds		43.76			65.54
Staff Welfare Expenses		85.63			56.67
				1,161.32	1,095.89
Excise Duty Others				38.07	35.67
Job Charges				1,059.63	825.27
Power & Fuel				1,879.50	1,477.75
Stores & Spares Consumption				60.21	47.06
Warehouse Charges				263.68	136.88
Repairs					
Building				49.97	39.85
Machinery				184.35	132.09
Others				65.33	52.12
Other Manufacturing Expenses				98.30	85.60
Rent				33.39	33.21
Rates & Taxes				12.32	13.55
Insurance				44.09	27.84
Donation				8.58	0.63
Vehicle Repairs & Petrol Expenses				67.21	64.49
Research & Development Expenses				10.50	6.12
Directors' Sitting Fees				3.22	2.90



	Year Ended 31.03.2011 (₹ in Lacs)	Year Ended 31.03.2010 (₹ in Lacs)
Travelling (Includes Directors Travelling ₹ 13.02 Lacs (P.Y. ₹ 14.14 Lacs))	84.21	81.71
Freight, Forwarding and other Distribution expenses	1,478.80	1,272.05
Sales & Turnover Tax and VAT	18.99	16.89
Advertisement & Sales Promotion	9.41	19.40
Sales Commission and Brokerage	11.70	9.35
Provision for Doubtful Debts and Advances	0.00	0.29
Bad debts	0.24	0.32
Loss on Sale of Fixed Assets	0.01	0.00
Loss on Sale of Long Term Investments	2.63	0.00
Diminution in Value of Short Term Investments	0.43	-0.11
Diminution in Value of Long Term Investments	0.00	6.53
Sundry Balance Written Off / Settlement of claims	13.61	28.60
Royalty	1.38	46.87
Other Expenses (Including Legal & Professional, Conveyance, Telephone, Postage, Printing & Stationery, Reuters Fess, etc)	487.94	400.53
	<u>7,149.02</u>	<u>5,959.35</u>
<b>SCHEDULE : 21 FINANCIAL EXPENSES (NET)</b>		
Fixed Loans	441.65	296.63
Bank Overdrafts	297.71	170.55
Fixed Deposits	119.40	97.16
Interest Others	83.70	51.57
Bill Discounting Charges	164.99	124.97
Brokerage & Other Financial Charges	77.92	73.35
	<u>1,185.37</u>	<u>814.23</u>
Less : Interest Income (TDS ₹ 21.99 lacs (P.Y. ₹ 18.61 lacs))	242.48	197.58
	<u>942.89</u>	<u>616.65</u>

#### SCHEDULE : 22

#### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

##### A) ACCOUNTING CONVENTION :

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

##### B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to "Vadilal Industries Ltd." (The parent Company), Vadilal Industries (USA) Inc., a subsidiary company (w.e.f. 11 August 2009) and Vadilal Cold Storage (Partnership Firm). The consolidated statements have been prepared on the following basis.

- The financial statements have been combined on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses. The Intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated .
- The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstance and are presented to the extent possible, in the same manner as the parent company's separate financial statements.
- The difference between the cost/carrying amount of investments over the net assets is recognised in financial statements as goodwill or capital reserve as the case may be.
- Minority interest's share of net profit/loss of consolidated for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders.
- In case of associates where the company holds more than 20 % of equity ,investments in associates are accounted for using equity method in accordance with Accounting Standard - (AS 23) "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
- The company accounts for its share in the change in the net assets of the associate, post Acquisition, after eliminating unrealised profit and losses resulting from transactions between the company and its associate to the extent of its share, through its profit and loss account to the extent such change is attributable to the associate's profit and loss account and through its reserves for the Balance, based on available information.
- The difference between the carrying amount of investments in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the financial statements as goodwill or capital reserve as the case may be.



- h) Financial statement of non-integral foreign operations translated into Indian rupees pursuant to Accounting Standards 11 (AS-11) (revised 2003) 'The effects of changes in foreign currency rate are as follows:
- 1) Revenues and expenses are translated into Rupees at the average of monthly average exchange rates, which is not as per requirements of AS-11, but having no material effect on the results of consolidated accounts.
  - 2) All balance sheet items are translated into rupees using the year end exchange rate.
  - 3) All resulting exchange differences are accumulated in a Foreign currency Translation Reserve Account.
- C) Investments other than in subsidiaries and associates have been accounted as per Accounting standard 13 on Accounting for Investments.
- D) OTHER SIGNIFICANT ACCOUNTING POLICIES :  
These are set out in the notes to financial statements under "Statement of accounting policies" of the financial statements of Vadilal Industries Ltd.

#### SCHEDULE : 23

#### NOTES TO FINANCIAL STATEMENTS

##### 1) Subsidiary Company considered in the consolidated financial statements are :

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

Vadilal Industries (USA) Inc. has incurred loss after tax of ₹ 35.02 lacs in Current Year (Previous Year ₹ 14.77 Lacs). Vadilal Industries Ltd. has given interest free loan of ₹ 70.85 Lacs during the year to Vadilal Industries (USA) Inc.

\* w.e.f. 11 August 2009.

Statement of Financial Information of Vadilal Industries (USA) Inc. a Wholly owned Subsidiary Company as on 31st March, 2011 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*	1,173,750	25,000
2	Reserve**	-4,858,852	-108,821
3	Total Assets**	11,924,334	267,063
4	Total Liabilities**	11,924,334	267,063
5	Details of Investments (Except in case of investment in the subsidiary)	Nil	Nil
6	Turnover***	17,162,454	376,700
7	Profit Before Tax***	-3,454,277	-75,818
8	Provision for Income Tax***	47,382	1,040
9	Profit After Taxation***	-3,501,659	-76,858
10	Proposed Dividend	Nil	Nil
11	Country	New Jersey(USA)	

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

\*\* Rate of Exchange 1 USD = ₹ 44.65 (Closing Rate)

\*\*\* Rate of Exchange 1 USD = ₹ 45.56 (Average Rate)

##### 2) Enterprises considered in the consolidated financial statements are :

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

##### 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 . Outstanding against this as at 31.03.2011	895.00 441.23	1245.00 332.39
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 ₹ 18.03 lacs (P.Y. ₹ 18.03 lacs) Net of Tax	12.04	11.90
b) Related to a matter which is disputed by the company against which appeal is preferred. Gross ₹ 1.16 lacs (P.Y. ₹ 1.53 lacs) Net of Tax	0.77	1.01
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.	6.94	4.49



b)	Against which Income Tax department has preferred appeal (as per information available with the company )	166.65	125.10			
c)	In respect of erstwhile Vadilal Financial Services Limited (VFSL) Income Tax Demand ( including interest) for which the company has preferred appeal.	3.16	3.75			
<b>iii)</b>	<b>For Sales Tax -</b>					
	Disputed by the company and against which company has preferred an appeal.					
	Gross ₹ 83.11 lacs ( P.Y. ₹ 83.86 lacs )					
	Net of Tax	55.50	55.36			
<b>iv)</b>	<b>For other Matters -</b>					
	Gross ₹ 1.66 lacs (P.Y. ₹ 1.66 lacs)					
	Net of Tax	1.11	1.10			
<b>v)</b>	In respect of other labour suits pending before various courts, liability is unascertainable.	-	-			
<b>vi)</b>	Differential amount of custom/excise duty in respect of machinery imported under EPCG scheme.	707.42	660.16			
Note : a) Future cash outflows in respect of A (II) (i) to (v) above depends on ultimate settlement / conclusions with the relevant authorities.						
b) Future cash outflows in respect of A (II) (vi) above depends if company is unable to fulfill export obligations of ₹ 5986.67 Lacs (P.Y. ₹ 3960.95 Lacs) within next eight to twelve years.						
<b>4)</b>	<b>Operating Lease:-</b>					
i)	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.					
ii)	Lease payments are recognised as expense in the Profit & Loss Statement on a straight line basis over the lease term under "Rent" in Schedule 20 "Manufacturing and Other Expenses."					
iii)	The future minimum estimated operating lease payments under non-cancellable operating lease :					
		Not later than	Later than one year &			
	Particulars	one year	not later than five years			
	Total of minimum lease payments	160.23	232.88			
		(181.45)	(55.55)			
Note : Figures in brackets relate to previous year.						
5)	The company has written down the inventories to net realisable value during the year by ₹ 38.91 Lacs (Previous year ₹ 18.83 Lacs)					
<b>6)</b>	<b>SEGMENT INFORMATION :</b>					
<b>A</b>	<b>PRIMARY SEGMENT - BUSINESS SEGMENT :</b>		[₹ in Lacs]			
<b>SR. NO.</b>	<b>PARTICULARS</b>	<b>ICE CREAM</b>	<b>PROCESSED FOODS</b>	<b>OTHERS</b>	<b>ELIMINATION</b>	<b>TOTAL</b>
<b>a)</b>	<b>SEGMENT REVENUE</b>					
	External Sales	19881.62	3761.74	228.27		23871.63
		(15,517.17)	(3,340.57)	(214.89)		(19072.63)
	Inter segment		131.76		-131.76	0.00
			(102.53)		(-102.53)	0.00
	Other segment Income	86.51	28.48	2.08		117.07
		(71.95)	(65.62)	(0.42)		(137.99)
	Total segment revenue	19968.13	3921.98	230.35	-131.76	23988.70
		(15589.12)	(3508.72)	(215.31)	(-102.53)	(19210.62)
<b>b)</b>	<b>SEGMENT RESULTS</b>	2041.69	-201.77	25.46		1865.38
		(1,494.01)	(133.43)	(5.08)		(1632.52)
	Unallocated Expenditure net of unallocated income					201.90
						(149.20)
	Operating profit					1663.48
						(1483.32)
	Interest Expense (Net)					942.89
						(616.65)
	Taxation for the year					
	- Current /MAT Tax					24.40
						(337.24)
	- Deferred Tax					233.51
						(-28.49)





SR. PARTICULARS NO.	ICE CREAM	PROCESSED FOODS	OTHERS	ELIMINATION	TOTAL
- Short/Excess provision of					-6.92
I. Tax of earlier years					(5.47)
- Minority Interest					0.80
					(0.27)
- Share in Profit/Loss of Associate					0.00
Net Profit/ (Loss)					(0.00)
					468.80
					(552.18)
TOTAL CARRYING AMOUNT OF					
<b>c) SEGMENT ASSETS</b>	16877.55	5488.32	182.37		22548.24
	(12401.28)	(5797.17)	(186.54)		(18384.99)
Unallocated Assets					721.79
					(517.43)
Total Assets					23270.03
					(18902.42)
<b>d) SEGMENT LIABILITIES</b>	3307.18	426.42	38.11		3771.71
	(4173.82)	(617.89)	(36.99)		(4828.70)
Unallocated liabilities					15143.81
					(10,175.62)
Total Liabilities					18915.52
					(15,004.32)
<b>e) Cost incurred during the period to acquire segment fixed assets</b>	7054.48	720.53	9.22		7784.23
	(3301.22)	(227.49)	(17.33)		(3546.04)
<b>f) Depreciation/Amortisation</b>	691.91	120.16	6.74		818.81
	(441.16)	(117.84)	(6.26)		(565.26)
<b>g) Non cash expenses other than depreciation/amortisation</b>	0.00	0.00	0.00		0.00
	(0.59)	(0.02)	(0.00)		(0.61)

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)	
<u>Geographical Area</u>		<u>Current Year</u>	<u>Previous Year</u>
1	India	21404.77	16850.94
2	Outside India	2466.86	2221.69
		23871.63	19072.63

#### C OTHER DISCLOSURES

- a) Inter segment revenue  
Inter segment transfers have been recognized at cost price.
- b) 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
- c) The company's operating facilities are located in India.
- 7) The figure of the subsidiary company and partnership firm are considered on the basis of its unaudited financial statements.

#### 8) RELATED PARTY DISCLOSURES :

- A) Name of related party and description of the relationship with whom transactions taken place.
  - 1) Associates :  
Vadilal Chemicals Ltd. (Upto 1st Sept, 2009)
  - 2) Key Management Personnel :
    - i) Virendra R Gandhi
    - ii) Rajesh R Gandhi
    - iii) Devanshu L Gandhi
  - 3) 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) Vadilal Happiness Parlour Ltd.
    - v) Veronica Construction Pvt.Ltd.



- vi) Padm Complex Pvt.Ltd.  
vii) Majestic Farm House Ltd.  
viii) Volute Construction Pvt. Ltd.  
ix) Valiant Constructions Pvt. Ltd.
- 4) Relative of key Management Personnel :  
Mamta R Gandhi

**B) Transaction with related parties : (₹ in Lacs)**

Sr. No.	Particulars of Transaction & Name of Related Party with whom transactions are more than 10%	Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by Key Management personnel or their relatives	Total
1	Sales :				
	i) Vadilal Enterprises Ltd.	—	—	20514.36	20514.36
		(—)	(—)	(15,843.47)	(15843.47)
	ii) Others	—	—	62.85	62.85
		(—)	(—)	(49.87)	(49.87)
2	Purchase :				
	i) Vadilal Chemicals Ltd.*	0.00	—	0.00	0.00
		(4.40)	(—)	(—)	(4.40)
3	Rent Income :				
	i) Vadilal Enterprises Ltd.	—	—	0.54	0.54
		(—)	(—)	(0.90)	(0.90)
4	Interest paid :				
	i) Vadilal Happiness Parlour Ltd.	—	—	1.35	1.35
		(—)	(—)	(1.23)	(1.23)
	ii) Padm Complex Pvt. Ltd.	—	—	3.22	3.22
		(—)	(—)	(3.77)	(3.77)
	iii) Veronica Constructions Pvt. Ltd.	—	—	11.62	11.62
		(—)	(—)	(11.09)	(11.09)
	iv) Kalpit Realty & Services Ltd.	—	—	16.38	16.38
		(—)	(—)	(7.14)	(7.14)
5	Salary paid :				
	i) Mamta R.Gandhi	—	1.08	—	1.08
		(—)	(1.23)	(—)	(1.23)
6	Interest Income :				
	i) Vadilal International Pvt. Ltd.	—	—	3.75	3.75
		(—)	(—)	(3.75)	(3.75)
7	Royalty paid/payable :				
	i) Vadilal International Pvt. Ltd.	—	—	1.38	1.38
		(—)	(—)	(46.87)	(46.87)
8	Corporate guarantee taken :				
	i) Valiant Constructions Pvt. Ltd.	—	—	0.00	0.00
		(—)	(—)	(100.00)	(100.00)
	ii) Padm Complex & Volute Constructions (Jointly provided)	—	—	9303.00	9303.00
		(—)	(—)	(10150.00)	(10150.00)
9	Inter-Corporate Deposit Received				
	i) Veronica Constructions Pvt. Ltd.	—	—	260.00	260.00
		(—)	(—)	(350.00)	(350.00)
	ii) Kalpit Realty & Services Ltd	—	—	0.00	0.00
		(—)	(—)	(250.00)	(250.00)
10	Inter-Corporate Deposit Re-paid				
	i) Veronica Constructions Pvt. Ltd.	—	—	0.00	0.00
		(—)	(—)	(250.00)	(250.00)
	ii) Kalpit Realty & Services Ltd.	—	—	171.16	171.16
		(—)	(—)	(100.00)	(100.00)
11	<b>Balance outstanding at year end :</b>				
a)	<b>Investments :</b>				
	i) Majestic Farm House Ltd.	—	—	1.87	1.87
		(—)	(—)	(1.87)	(1.87)
b)	<b>Receivable :</b>				
	<b>Debtors</b>				
	i) Vadilal Enterprises Ltd.	—	—	3270.97	3270.97
		(—)	(—)	(2861.36)	(2861.36)
	ii) Others	—	—	13.17	13.17
		(—)	(—)	(5.27)	(5.27)



Sr. No.	Particulars of Transaction & Name of Related Party with whom transactions are more than 10%				(₹ in Lacs)
		Associates	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by Key Management personnel or their relatives	Total
<b>Loans and Advances Given</b>					
i)	Vadilal International Pvt.Ltd.	—	—	375.25	375.25
		(—)	(—)	(375.25)	(375.25)
ii)	PADM Complex Pvt. Ltd	—	—	20.69	20.69
		(—)	(—)	(20.69)	(20.69)
c)	<b>Payable :</b>				
	<b>ICD Taken</b>				
i)	Padm Complex Pvt.Ltd.	—	—	29.23	29.23
		(—)	(—)	(33.90)	(33.90)
ii)	Vadilal Happiness Parlour Ltd.	—	—	14.05	14.05
		(—)	(—)	(12.84)	(12.84)
iii)	Veronica Constructions Pvt. Ltd.	—	—	380.44	380.44
		(—)	(—)	(109.98)	(109.98)
iv)	Kalpiti Realty & Services	—	—	0.00	0.00
		(—)	(—)	(156.42)	(156.42)
	<b>Creditors</b>				
i)	Vadilal International Pvt. Ltd.	—	—	1.25	1.25
		(—)	(—)	(18.34)	(18.34)
d)	<b>Against corporate guarantee given :</b>				
i)	Vadilal Enterprises Ltd.	—	—	441.23	441.23
		(—)	(—)	(332.39)	(332.39)
e)	<b>Against corporate guarantee taken :</b>				
i)	Vadilal Enterprises Ltd.	—	—	542.87	542.87
		(—)	(—)	(685.72)	(685.72)
ii)	Valiant Constructions Pvt. Ltd.	—	—	0.00	0.00
		(—)	(—)	(299.90)	(299.90)
iii)	Padm Complex & Volute Constructions	—	—	2550.36	2550.36
		(—)	(—)	(2948.12)	(2948.12)

Notes :

- a) Transaction of sales are shown net of VAT & S.Tax.  
b) Figures in brackets relate to previous year.

**9) EARNINGS PER SHARE :**

- a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit for the year disclosed in the profit and loss account.  
b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 71,87,830.

**10) PARTICULARS OF DERIVATIVE INSTRUMENTS :**

- a) Derivative contracts entered into by the company and outstanding as on 31st March, 2011.  
i) All derivative and financial instruments acquired by the company are for hedging.  
ii) Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2011- US \$ 2888518 equal to ₹ 1292.59 Lacs (Previous year US \$ 2257314 equal to ₹ 1013.99 Lacs) Euro 51130 equal to ₹ 30.22 Lacs (Previous year Euro 511228 equal to ₹ 309.65 Lacs)

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

Signatures to schedule 1 to 23 For KANTILAL PATEL & CO. Chartered Accountants	For and on behalf of the Board Ramchandra R. Gandhi : Chairman Virendra R. Gandhi : Vice-Chairman & Managing Director Rajesh R. Gandhi : Managing Director Devanshu L. Gandhi : Managing Director Nikhil Patel : Company Secretary
Mayank S.Shah Partner	
Place : Ahmedabad Date : July 18, 2011	Place : Ahmedabad Date : July 18, 2011



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

1. We have audited the attached consolidated balance sheet of **Vadilal Industries Limited** ("the Company") and its Partnership Firm /Subsidiary as at **31<sup>st</sup> March 2011**, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of partnership firm and subsidiary which in aggregate represent total assets (net) as at March 31, 2011 of Rs.409.18 lakhs and total revenues of Rs.417.48 lakhs and net cash outflows amounting to Rs.1.73 lakhs for the year ended on that date. Above figures have been considered in Consolidated Financial Statements based solely on the unaudited separate financial statements certified by the Management.
4. As stated in note 7 of schedule 23, as the audited financial statements of partnership firm and subsidiary company are not available, we have relied upon the unaudited financial statements as provided by the management for the purpose of our examination of consolidated financial statements.
5. Subject to our remark in paragraph 4 above :
  - (i) We report that consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
  - (ii) Based on our audit and on consideration of unaudited separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (a) in the case of consolidated balance sheet, of the state of affairs of the company, its partnership firm and Subsidiary as at 31<sup>st</sup> March 2011 ;
    - (b) in the case of the consolidated profit and loss account, of the Profit for the year ended on that date; and
    - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows for the year ended on that date.

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

**Date : July 18, 2011**  
**Place : Ahmedabad**

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



### FORM OF PROXY

#### VADILAL INDUSTRIES LIMITED

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

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

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

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

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

as my/our Proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of the members of the Company to be held on Tuesday, the 27th September, 2011, at 12.30 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006 and at any adjournment thereof.

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

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

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

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature.....

Affix  
15 Paise  
Revenue  
Stamp

\* Applicable for investors holding shares in electronic form.

#### IMPORTANT

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

Tear here



### ATTENDANCE SLIP

#### VADILAL INDUSTRIES LIMITED

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

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

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

I hereby record my presence at the 27th Annual General Meeting of the members of the Company on Tuesday, the 27th September, 2011, at 12.30 p.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006

\* Applicable for investors holding shares in electronic form.

\_\_\_\_\_  
Signature of Shareholder(s)/Proxy



## **VADILAL INDUSTRIES LIMITED**

Regd. Office : Vadilal House, Shrimali Society  
Nr. Navrangpura Railway Crossing,  
Navrangpura, Ahmedabad - 380009  
[www.vadilalgroup.com](http://www.vadilalgroup.com)