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VADILAL ENTERPRISES LIMITED

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NOTICE

NOTICE is hereby given that the 12th ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on **Saturday, the 20th September, 1997, at 10.00 a.m.**, at Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. La-Gajjar Chambers, Ashram Road, Ahmedabad - 380 009, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Shri Rajesh R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri Kashibhai B. Patel, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors 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.

By order of the Board
For VADILAL ENTERPRISES LIMITED

RAMCHANDRA R. GANDHI
Chairman & Managing Director

Registered Office :
5th Floor, Aditya Building,
Nr. Sardar Patel Seva Samaj Hall,
Off C.G. Road, Nr. Mithakhali-
Six Roads, Ahmedabad - 380 006.

Dated : 21st July, 1997

NOTES :

(a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** 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) An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is not annexed hereto, as there is no Special Business to be transacted.

(c) The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 1997 to 20th September, 1997 (both days inclusive) for the purpose of ensuing 12th Annual General Meeting of the Company.

(d) The Registered Office of the Company has been shifted from 1st Floor, Vrundavan Complex, Nr. Subhash Chowk, Memnagar, Ahmedabad - 380 052 to 5th Floor, Aditya Building, Near Sardar Patel Seva Samaj Hall, Off C.G. Road, Near Mithakhali Six Roads, Ahmedabad - 380 006. However, members are requested to send their all correspondence relating to Shares including transfer, transmission etc. at the Share Department of the Company situate at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009.

(e) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unpaid/unclaimed dividend declared for the year ended 31st March, 1993 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to 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 from the Registrar of Companies, Gujarat at Ahmedabad. The unpaid/unclaimed dividends that are due for transfer to the Central Government are as follows :

Financial Year ended	Due for transfer on
31-03-1994	14-11-1997
31-03-1995	17-11-1998
31-03-1996	15-11-1999

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to approach the Company at Share Department for revalidation or duplicate dividend warrants.

(f) Members are requested to intimate the change in their registered address, if any, to the Company at Share Department.

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DIRECTORS' REPORT

To,
The Members,
VADILAL ENTERPRISES LIMITED

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

(Rs. in Lacs)

		Year ended 31.03.1997		Year ended 31.03.1996
(a) Profit for the year before Depreciation and Financial Expenses		214.09		173.04
(b) Less : Depreciation	76.03		49.74	
Financial Expenses	79.20		46.21	
		155.23		95.95
(c) Profit before tax		58.86		77.09
(d) Prior period adjustment		0.67		—
(e) Provision for tax (Including Rs. 5 lacs for earlier year)		32.50		—
(f) Profit after tax		27.03		77.09
(g) Balance of Profit brought forward from previous year		58.52		52.13
Profit available for appropriation.		85.55		129.22
APPROPRIATIONS				
(a) Transfered to Investment Fluctuation Reserve		20.00		—
(b) Transfered to General Reserve		28.00		50.00
(c) Interim Dividend @ 15% on Equity Share Capital		12.94		—
(d) Proposed Dividend (subject to tax)		—		20.69
(e) Balance Profit carried to Balance Sheet		24.61		58.53
		85.55		129.22

DIVIDEND

The Directors of your Company at their meeting held on 18th April, 1997 declared an Interim Dividend of Rs. 1.50 per Share (i.e. @ 15%) on Equity Shares for the year ended 31st March, 1997 and the same was paid on 30th May, 1997.

Considering the profits made by the Company during the year under review, the Directors do not recommend any further dividend for the year ended 31st March, 1997.

OPERATIONS

Inspite of stiff competition in the market, particularly in ice-cream business during the year under review, your Company has recorded a growth of 4.42% in sales turnover and other income amounting to Rs. 4851.10 lacs from Rs. 4645.96 lacs recorded during the previous year.

Your Company has earned a Net Profit of Rs. 27.03 lacs during the year under review as compared to Rs. 77.09 lacs earned during the previous year ended on 31st March, 1996.

MARKETING STRENGTHS & BUSINESS PROSPECTS

In the last one year, the ice-cream market has become fiercely competitive, as the major players are none less than giant corporate entities pitched against one another. Incidentally it has become a tussle to clinch the retail trade by whosoever can do it first. The number of vending points are one of the limitations of the ice-cream market in India. Meanwhile, your Company has made significant progress on many fronts. It has now a depot in Calcutta and Delhi to augment its distribution pipelines and to reinforce its cold chain network. Efforts are on to plan a few more stock points in the near future. With stupendous market expansion in Eastern India and Tamil Nadu, part of Northern India, your Company is in the process of restricting its sales organisation so as to develop a cohesive team of result oriented professionals. The Company has also made major investment in upgrading and modernising the cold chain network.

FINANCE

During the year under review, your Company has availed Rupee Term Loan of Rs. 1.50 crores from IDBI under Equipment Finance Scheme for acquiring deep freez machines and refrigerated vans.

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FIXED DEPOSITS

The Company has no overdue deposits outstanding other than those unclaimed of Rs. 0.66 lacs as on 31st March, 1997. The Company has accepted Fixed Deposits of Rs. 45.65 lacs from the Public during the year 1996-97, 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, 1997 stood at Rs. 73.59 lacs.

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

Particulars relating to Conservation of Energy and Technology Absorption are not given, as it appears that the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is not applicable to the Company due to the nature of the Company's business operations. During the year under review, Foreign Exchange Earnings and Outgo is Nil.

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of the concerned employees are given in the Annexure which is attached hereto and forms part of the Directors' Report.

DIRECTORS

Pursuant to the provisions of the Articles of Association of the Company, Shri Rajesh R. Gandhi and Shri Kashibhai B. Patel, Directors of the Company, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. Members are requested to consider their re-appointment.

During the year under review, Shri Babubhai A. Amin ceased to be a Director of the Company due to his death. The Directors place on record the valuable services and guidence provided by Shri Babubhai A. Amin during his tenure as a Director of the Company.

AUDITORS' REPORT

The remarks made by the Auditors in their Report are self - explanatory and therefore do not call for any further comments.

AUDITORS

M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad, hold office as Auditors of the Company until the conclusion of the ensuing 12th Annual General Meeting and the Board recommends their re-appointment till the conclusion of the next Annual General Meeting.

The Company has received a certificate from Auditors under Section 224(1) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act.

Members are requested to consider their re-appointment as Auditors of the Company for the current year.

ACKNOWLEDGEMENTS

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

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

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

For and on behalf of the Board

RAMCHANDRA R. GANDHI
Chairman & Managing Director

Ahmedabad
Dated : 21st July, 1997

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ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Name	Designation / Nature of Duties	Remuneration received (Rs.)	Qualifications	Experience (years)	Date of Commencement of Employment	Age (Years)	Particulars of last Employment held (Name/Place/Period of Service)/Designation
Shri Ramchandra R. Gandhi	Chairman & Managing Director	6,65,283	S.S.C	47	01.10.1994	72	—
Shri Virendra R. Gandhi	Managing Director	7,03,141	B.S.C	24	01.04.1994	52	—

Notes :
1) Nature of employment : Contractual for both.
2) Other terms and conditions are as per Agreement and Company's Rules for both.
3) Shri Ramchandra R. Gandhi is a relative of Shri Virendra R. Gandhi and Shri Rajesh R. Gandhi, Directors of the Company.
4) Shri Virendra R. Gandhi is a relative of Shri Ramchandra R. Gandhi and Shri Rajesh R. Gandhi, Directors of the Company.
5) Remuneration received includes Salary, House Rent Allowance, Re-imbursement of Medical Expenses, Personal Accident Insurance Premium and Company's contribution to Provident Fund for both.

For and on behalf of the Board

RAMCHANDRA R. GANDHI
Chairman & Managing Director.

Ahmedabad
Dated : 21st July, 1997

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AUDITORS' REPORT

To,

The Members of
Vadilal Enterprises Limited
Ahmedabad.

We have audited the attached Balance Sheet of M/S. Vadilal Enterprises Limited as at 31st March, 1997 and also the Profit & Loss Account of the Company for the year ended on that date and report as under :

(1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraphs '4' and '5' of the said Order.

(2) Further, to our comments in the Annexure referred to in Paragraph '1' above, we report that :

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;

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 of the Company ;

The Balance Sheet and the Profit & Loss Account dealt with by the report are in agreement with the Books of Account of the Company.

(3) (a) We are unable to comment whether the balances shown under Sundry Debtors and loans and advances of Rs. 22,77,600/- and Rs. 8,33,697/- respectively can be considered good to the extent shown. (Refer Note No. 3 (b) and 10)

(b) As regards change in the method of write-off of Promotional Development expenses, as a result thereof Profit for the year is higher by Rs. 12,91,855/-. (Refer Note 4)

(c) The extent of provision, if any against diminution aggregating to Rs. 20,00,000/- in respect of long term investments is currently not ascertainable. (Refer Note No. 10)

(4) In our opinion and to the best of our information and according to the explanations given to us, the Accounts, subject to Paragraph 3 above and read together with the notes thereon including the accounting policies mentioned therein, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view :

(a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1997,

AND

(b) In the case of Profit & Loss Account, of the 'Profit' for the year ended on that date.

For KANTILAL PATEL & CO.
Chartered Accountants

A.K. PATEL
Partner

Place : Ahmedabad
Date : July 21, 1997

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ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF VADILAL ENTERPRISES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 1997.

(1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation in respect of building and vehicles. However, in respect of other assets details such as location, indentification, accumulated depreciation are not available.

(b) In respect of Deep Freeze Machines and Acrylic Boards lying with third parties, we are informed that the Company has formulated a programme of physical verification of these assets over a period of three years. Majority of Deep Freeze Machines and Acrylic Boards were verified during the year 1994-95. Since Deep Freeze Machines and Acrylic Boards are not verified during the year, the question of reconciliation between physical verification and book records does not arise.

Except Vehicles, we are informed by the management that other assets viz, Furniture & Office Equipments are not verified.

(c) No discrepancies were noticed in case of Vehicles.

(d) In respect of Leased Assets, we are informed that the Company has not obtained confirmation from the lessee.

(2) None of the fixed assets have been re-valued during the year.

(3) The stock of Finished Goods, Deep Freeze Machines lying in stock and stores and spares have been physically verified during the year by the management. In respect of Deepfreeze machines of Rs.33,28,425/- lying with third parties, neither they have confirmed the said stock nor physical verification has been carried out by the management.

(4) The procedure of physical verification of Finished Goods, Deep Freeze Machines, and Stores and Spares followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(5) The discrepancy noticed on verification between the physical stock and book records were not material in relation to the operation of the Company and the same have been properly delt with in the books of account. Regarding Deep Freeze machines lying with third parties, neither confirmation has been obtained nor physical verification has been carried out, hence discrepancy between the physical stock and book records could not be ascertained.

(6) On the basis of our examination, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.

(7) As informed to us, Company has taken unsecured loans from the Company listed in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company. As informed to us, there is no Company under the same management as defined in sub-section (1B) of Section 370 of the Companies Act, 1956.

(8) As informed to us, the Company has not granted unsecured loans to compaines, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As stated earlier, we are informed that there is no Company under the same management as defined in sub-section (1B) of Section 370 of the Companies Act, 1956.

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