

18TH
ANNUAL REPORT
2002-2003



VADILAL ENTERPRISES LIMITED

www.vadilalgroup.com
www.vadilalmarkets.com

BOARD OF DIRECTORS

Chairman
Kashibhai B. Patel

Managing Director
Ramchandra R. Gandhi

Directors
Virendra R. Gandhi
Rajesh R. Gandhi
Devanshu L. Gandhi
Laxmiprasad C. Amin
Ramanlal V. Mehta
Jayantilal M. Shah

COMPANY SECRETARY
Nikhil Patel

AUDITORS
M/s. Kantilal Patel & Co.,
Chartered Accountants, Ahmedabad.
(A member of IA International, Inc.)

BANKER
Bank of India

REGISTERED OFFICE
Aditya Bldg., 5th Floor,
Opp. Sardar Patel Seva Samaj Hall,
Off C.G. Road, Nr. Mithakhali Six Roads,
Ahmedabad - 380 006.

REGISTRAR & SHARE TRANSFER AGENT
MCS Limited, 101, Shatdal Complex,
1st Floor, Opp. Bata Show Room,
Ashram Road, Ahmedabad - 380 009.
(Phone : 079 - 6582878, 6581296)
(Fax : 079 - 6584027)

SHARE DEPARTMENT
Vadilal House, Shrimali Society,
Nr. Navrangpura Rly. Crossing,
Navrangpura, Ahmedabad-380 009.
(Phone : 079-6564019 to 24)
(Fax : 079-6564027)

18TH ANNUAL GENERAL MEETING

Day - Tuesday
Date - 30th September, 2003
Time - 4.00 p.m.
Venue - Ahmedabad Textile Mills'-
Association (ATMA) Hall,
Opp. La-Gajjar Chambers,
Ashram Road,
Ahmedabad - 380 009.

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E-mail : shares@vadilalgroup.com
Web : www.vadilalgroup.com
www.vadilalmarkets.com

Notes :

- 1) The Company has already appointed MCS Limited, having its office at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone : 079 - 6582878, 6581296) (Fax : 079 - 6584027), as its Registrar & Share Transfer Agent w.e.f. 1st April, 2003 and assigned all the work related to share registry in terms of both physical and electronic to MCS Limited.
Members are requested to send their all correspondence relating to Shares including transfer, transmission, demat, remat, change of address, lost certificate, dividend, etc. to MCS Limited (mention as Unit: Vadilal Enterprises Ltd.) at the above mentioned address or to the Company at its Share Department.
2. Members are requested to bring their copy of Annual Report to the meeting, as copies of Annual Report will not be distributed at the meeting.
3. Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its Share Department, at least TEN days before the date of the meeting.
4. Members who hold Shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

SHAREHOLDER INFORMATION

- 1) **Name of Company**
Vadilal Enterprises Limited
- 2) **Company Regn. No.**
04-7995
- 3) **Fixed Deposit Department**
Fixed Deposit Department of the Company is operated at the following address :
Vadilal House, Shrimali Society,
Near Navrangpura Railway Crossing,
Navrangpura, Ahmedabad - 380 009.
(Phone : 079 - 6564019 to 24)
(Fax : 079 - 6564027)
- 4) **Proposed Dividend for the year ended on 31st March, 2003**
Dividend of Re. 0.80 per Share (i.e. @ 8%) has been recommended by the Board of Directors on 8,70,148 Equity Shares of Rs. 10/- each of the Company for the year ended on 31st March, 2003.
- 5) **Book-Closure for payment of Dividend**
Book-Closure from 25th September, 2003 to 30th September, 2003 (both days inclusive) for the purpose of determining the members eligible for dividend, if declared at the meeting. Those Shareholders, who submit transfers to the Company on or after 25th September, 2003, will not be eligible for dividend.
- 6) **Stock Exchanges where the Shares are listed**

AHMEDABAD STOCK EXCHANGE (Security Code No. 64510) Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ambawadi, Ahmedabad - 380 015. (Phone : 6307971 - 77) (Fax : 079 - 6308877)	BOMBAY STOCK EXCHANGE (Security Code No. 519152) Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Fort, Mumbai - 400 001. (Phone : 2655581, 2655860-61) (Fax : 91-22-2658121)
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The Annual Listing Fees upto the financial year 2003-2004 have been duly paid to the above Stock Exchanges.
- 7) **Security Code**
 Ahmedabad Stock Exchange - 64510
 Bombay Stock Exchange - 519152
 The ISIN number allotted to the Company is INE693D01018
- 8) **Dematerialisation of Shares**

The Company, consequent to introduction of Depository System (DS), entered into an agreement with NSDL and CDSL and has established an electronic connectivity with both the Depositories. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL and CDSL.

In view of the numerous advantages offered by DS, members are requested to avail the facility of dematerialisation of the Company's shares on the Depository as aforesaid. If you wish to maintain your shareholding in the electronic form by joining DS, you will have to open an account with a Depository Participant (DP), who are agents of NSDL and CDSL and lodge your share certificates with your DP for Dematerialisation. The DP will then ensure that the physical share certificates are 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.
- 9) **Registrar & Share Transfer Agent**

The Company was having dual arrangement upto 31-3-2003 in regard to transfer of shares as follows :-

 1. The Company's share department was handling the physical transfers, transmission, transposition, change of address etc., and
 2. Entrusted the work of Dematerialisation/Rematerialisation of shares to an outside Registrar, viz. MCS Ltd., Ahmedabad.

However, in terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002, dated 27-12-2002, the Company has assigned all the work related to Share Registry in terms of both physical and electronic to MCS Ltd., Ahmedabad by entering into an Agreement with the said R&T Agent on 28-3-2003 to that effect. Hence, all Shareholders are requested to send/deliver the documents/correspondence including complaints relating to the Company's share transfer/demat/remat activity to MCS Ltd. at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009.

10) Share Transfer system

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

As per SEBI guidelines, the Company has offered the facility of transfer-cum-demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and send the same to the Company alongwith the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares.

In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company dispatch the share certificates after 30 days from the date of such option letter.

11) Distribution of Shareholding as on 31st March, 2003

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	1930	93.83	388466	44.64
501 to 1000	66	3.21	49743	5.72
1001 to 2000	24	1.17	36299	4.17
2001 to 3000	11	0.53	25721	2.96
3001 to 4000	7	0.34	25241	2.90
4001 to 5000	3	0.15	13410	1.54
5001 to 10000	5	0.24	34344	3.95
10001 & above	11	0.53	296924	34.12
Total	2057	100.00	870148	100.00

12) Categories of Shareholders as on 31st March, 2003.

Sr. No.	Category of Shareholders	No. of Equity Shares held	% to total Shares
1	Directors & Relatives	1,76,314	20.26 %
2	NRIs/OCBs	200	0.02 %
3	Corporate Bodies	2,37,104	27.25 %
4	Public	4,56,530	52.47 %
TOTAL		8,70,148	100.00 %

13) Address of Registrar of Companies (ROC), Gujarat

The Registrar of Companies, Gujarat,
ROC Bhavan, Opp. Rupal Park,
Behind Ankur Bus Stand,
Naranpura, Ahmedabad - 380 013.
(Phone : 079 - 7438531, 7437597)

14) Consolidation of Folios

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

15) Nomination facility

The Companies (Amendment) Act, 1999 has provided for a facility of nomination in the Shares of a Company. Your Company has already

offered the facility of nomination to the members. Individual Shareholders can avail of the facility of nomination and may submit to the Company the prescribed Form 2B at the Share Dept. of the Company. It is advisable to avail of this facility especially by Shareholders who currently hold Shares in single name.

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

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

In case of any assistance, please contact at the Share Dept. of the Company at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009. Telephone Nos. 6564019 to 24 and Fax No. 079-6564027.

NOTICE

NOTICE is hereby given that the 18th ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on Tuesday, the 30th September, 2003, at 4.00 p.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, 2003 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To declare a Dividend on Equity Shares for the year ended on 31st March, 2003.
- 3) To appoint a Director in place of Shri Rajesh R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Laxmiprasad C. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) 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.
- 6) To appoint Shri Ashish C. Doshi, Company Secretary in Whole-time Practice pursuant to Section 383A of the Companies Act, 1956 to obtain certificate regarding compliance by the Company of all the provisions of the said Act during the financial year 2003-2004 and to authorise the Board of Directors to fix his remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the guidelines issued by SEBI under the Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, dated 17th February, 2003 and other applicable approvals and procedures which may become applicable hereafter, governing the matter, the Company be and is hereby authorised to voluntarily apply for de-listing of its Equity Shares from the Stock Exchange, Ahmedabad at such time as the Board of Directors (whether acting through the Board, a Committee of the Board or any Director or any person authorised by the Board) may, in their absolute discretion, consider appropriate and proper without giving an exit option to the Shareholders of the regions where the aforesaid Stock Exchange is situated and the Board of Directors of the Company be and are hereby authorised to do all necessary acts in pursuance with the above matter."

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

"RESOLVED THAT pursuant to sub-section (1) of Section 163 of the Companies Act, 1956 and in supersession of the Special Resolution passed by the Shareholders at the 11th Annual General Meeting of the Company held on 28th September, 1996 :

- (a) the Company hereby approves that the Register of Members, the Index of Members, Register and

Index of Debentureholders and copies of all Annual Returns prepared under Section 159 and 160 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 160 and 161 of the Act shall be kept at the office of the Registrar & Share Transfer Agent of the Company viz. MCS Limited at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 with effect from 1st April, 2003 instead of being kept at the Share Department of the Company at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009;

- (b) the Registers, Indexes, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956, be kept open for such inspection, at the place where they are kept, by the persons entitled thereto, to the extent and in the manner and on payment of the fees, if any, specified in the Act between 11.00 a.m. and 1.00 p.m. on any working day of the Company except when the Registers and Books are closed under the provisions of the Companies Act, 1956 or the Articles of Association of the Company, provided however, that the Register required to be maintained under Section 307 of the said Act, shall be open for inspection of the Members and the holders of the Debentures of the Company, if any, as aforesaid, between the hours above mentioned during the period prescribed under sub-section (5)(a) of Section 307 of the Act."

By Order of the Board
For VADILAL ENTERPRISES LIMITED

RAMCHANDRA R. GANDHI
Managing Director

Registered Office :

5th Floor, Aditya Building,
Opp. Sardar Patel Seva Samaj Hall,
Off C.G. Road, Nr. Mithakhali
Six Roads, Ahmedabad - 380 006.
Dated : September 1, 2003

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) 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.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2003 to 30th September, 2003 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31st March, 2003 as recommended by the Board and if declared at the meeting.
- (d) Dividend @ 8% on Equity Shares for the year ended on

31st March, 2003 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 on or before 24th September, 2003, 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 24th September, 2003.

- (e) Members are requested to send to the Company at its Share Department his/her Bank Account details to ensure safe and prompt receipt of Dividend Warrants. This is in view of fraudulent encashment of such warrants.
- (f) Members are also requested to send their all correspondence relating to Shares including transfer, transmission, change of address, demat, remat etc. to MCS Limited, Registrar & Share Transfer Agent of the Company at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone : 079 - 6582878, 6581296) (Fax : 079 - 6584027) or at the Share Department of the Company situated at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009.
- (g) Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.e.f. 31st October, 1998, members holding shares in physical form may file Nomination Forms in respect of their shareholdings. Such members willing to avail of this facility may submit to the Company at the Share Department the prescribed Form 2B or write to or contact the Company Secretary for assistance.
- (h) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unclaimed dividend declared for the year ended 31st March, 1994 to the General Revenue Account of the Central Government as per Rule 4A of the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend 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 to the Investor Education and Protection Fund established by the Government under Section 205C(1) of the Act. However, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund and no payments shall be made in respect of any such claims by the Fund or the Company.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1996 onwards, are requested to make their claims to the

Company at its share department accordingly, without any delay.

- (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 at its Share Department or to MCS Limited at the address mentioned above in respect of their physical share folios, if any. In case of mailing address mentioned on this Annual Report is without PINCODE, members are requested to kindly inform their PINCODE immediately.
- (k) All documents referred to in the accompanying Notice are open for inspection at the Share Department of the Company during office hours on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

ANNEXURE TO NOTICE

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

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

ITEM NO. 6

Pursuant to Section 334A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rule, 2001, every Company, having paid-up share capital between Rs. 10 lacs and Rs. 2 crores, is required to file with the Registrar of Companies (ROC), a Certificate from a Secretary in Whole-time Practice certifying that the Company has complied with all provisions of the Companies Act, 1956 and a copy of such certificate is required to be attached with the Directors' Report of the Company.

Your Company having paid-up share capital of Rs. 86.28 lacs was required to appoint Shri Ashish C. Doshi, a Secretary in Whole-time Practice to obtain from him a Certificate regarding compliance by the Company of all provisions of the Act during the financial year ended on 31st March, 2003. The said Certificate has been attached with the Directors' Report for the year ended on 31st March, 2003.

However, the Company is required to appoint Shri Ashish C. Doshi to obtain from him a Certificate for the next financial year 2003-2004 regarding compliance by the Company of all provisions of the Act during the said financial year 2003-2004.

Your Directors, therefore, recommend the resolution for your approval for appointment of Shri Ashish C. Doshi for the above purpose as per Item No. 6 of the Notice.

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

ITEM NO. 7

The Company's shares are presently listed on The Stock Exchange, Ahmedabad and The Stock Exchange, Mumbai. SEBI through its guidelines known as Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, dated 17th February, 2003 has permitted Companies to voluntarily delist its Shares from a Stock Exchange

where the shares are listed for a period of more than 3 years without giving an exit option to the Shareholders of the regions where the said Stock Exchange is situated, provided, inter-alia, the Company is authorised by the Shareholders for making such an application for de-listing through a Special Resolution and Equity Shares of the Company will continue to be listed either at Mumbai Stock Exchange (BSE) or at National Stock Exchange (NSE).

The Board of Directors has therefore decided to take steps to have the equity shares of the Company de-listed voluntarily from the Stock Exchange, Ahmedabad, as the volume of trading on this Stock Exchange is very low and the Stock Exchange, Mumbai, where the Company's shares will continue to be listed, has got nation-wide trading terminals and the de-listing from the Ahmedabad Stock Exchange will not affect the trading of the shares by members located in any part of the Country.

The Board of Directors of your Company recommend passing of the resolution set out under Item No. 7 as a Special Resolution.

None of the Directors of the Company is interested or concerned in the Resolution.

ITEM NO. 8

Under the provisions of the Companies Act, 1956, certain documents such as the Registers and Indexes of Members, Debentureholders, if any, and Annual Returns have to be kept at the Registered Office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of the Company is situated with the approval of the Shareholders. These records are presently kept at the Share Department of the Company situate at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009, instead of at the Registered Office of the Company pursuant to the Special Resolution passed by the Shareholders at the 11th Annual General Meeting of the Company held on 28th September, 1996.

Members are aware that presently, the Company is having dual arrangement in regard to transfer of shares as follows :

1. The Company's Share Department is handling the physical transfers, transmissions, transpositions, change of address, etc., and
2. Entrusted the work of dematerialisation / rematerialisation of shares to an outside Registrar, viz. MCS Limited, Ahmedabad.

However, in terms of SEBI's Circular No. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002 and Stock Exchange letter dated 3rd January, 2003, all listed Companies having dual arrangement, as stated above, are required to make necessary arrangement to have either complete in-house share registry both for physical transfer of securities as well as dematerialisation / rematerialisation of securities or assign the entire function to SEBI registered R & T Agent, with effect from 1st April, 2003, so that the process of transfer, dematerialisation and reconciliation of shareholding is smooth and efficient without any delay and inconvenience to the shareholders/investors.

In compliance with SEBI Circular referred to the above, the Company has assigned all the work related to share registry in terms of both physical and electronic to MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 with effect from 1st April, 2003 by entering into an Agreement with the said R & T Agent on 28th March, 2003 to that effect. As such, the statutory records as mentioned above would have to be kept at the address of the MCS Limited instead

of at the Share Department of the Company. As this change can be made only with the approval of the Shareholders under Section 163 of the Companies Act, 1956 and the same is sought by way of a Special Resolution.

The advance copy of Special Resolution sets out in the accompanying notice which is proposed to be passed at the Annual General Meeting is being delivered to the office of the Registrar of Companies, Gujarat, Ahmedabad as required under Section 163 of the Companies Act, 1956.

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

By Order of the Board
For VADILAL ENTERPRISES LIMITED

RAMCHANDRA R. GANDHI
Managing Director

Registered Office :
5th Floor, Aditya Building,
Opp. Sardar Patel Seva Samaj Hall,
Off C.G. Road, Nr. Mithakhali
Six Roads, Ahmedabad - 380 006.
Dated : September 1, 2003

DIRECTORS' REPORT

To,

The members,

VADILAL ENTERPRISES LIMITED

Your Directors have pleasure in presenting herewith the 18th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2003.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year ended 31-3-2003	Year ended 31-3-2002
(a) Profit for the year before Financial Expenses and Depreciation	328.84	316.89
(b) Financial Expenses 92.40 Depreciation 205.38	112.74 184.65	
	297.78	297.39
(c) Profit before tax	31.06	19.50
(d) Prior period adjustment	0.00	0.23
(e) Provision for tax		
- Current (including income tax written off Rs. Nil P.Y. Rs. 0.05 Lacs)	0.00	1.80
- Deferred Tax (Net Charge)	1.55	7.99
(f) Profit after tax	29.51	9.94
(g) Balance of Profit brought forward from previous year	44.63	41.59
Amount available for appropriation.	74.14	51.53
APPROPRIATIONS		
(a) Proposed Dividend	6.90	6.90
(b) Tax on proposed Dividend	0.88	0.00
(c) General Reserve	10.00	0.00
(d) Balance Profit carried to Balance Sheet	56.36	44.63
	74.14	51.53

TURNOVER & PROFITS

In spite of stiff competition in the market particularly in ice-cream business during the year under review, the sales turnover of your Company has been increased by 19.21 %. Your Company has achieved sales turnover of Rs. 9303.83 lacs as compared to sales turnover of Rs. 7804.46 lacs achieved during the previous year ended on 31st March, 2002.

Your Company has earned the Gross Profit of Rs. 328.84 lacs as compared to Rs. 316.89 lacs earned during the previous year ended on 31st March, 2002. Your Company has earned the Net Profit of Rs. 29.51 lacs (after provision for Deferred Tax) during the year under review as compared to Rs. 9.94 lacs earned during the previous year ended on 31st March, 2002.

DIVIDEND

The Directors have recommended a dividend of Re. 0.80 per Share (i.e. @ 8%) on 8,70,148 Equity Shares of Rs. 10/- each of the Company for the financial year ended on 31st March, 2003. This will absorb Rs. 6.90 lacs as against the previous year's dividend outgo of Rs. 6.90 lacs. The Corporate Dividend tax payable by the Company on the said dividend will be Rs. 0.88 lacs (@ 12.81% including surcharge).

If approved, the dividend will be paid without deduction of tax at source to those Shareholders whose names appear in the Register of Members of the Company as on 30th September, 2003.

OPERATIONS - MARKETING FOCUS

The Ice-cream industry in India has been witnessing a flurry of activities during the last few years. Entry of new competitors with a low price strategy as well as introduction of several regional brands have increased the level of competition and also expanded the market size.

"Vadilal" Brand enjoys the reputation for successful innovation and development of flavours. Its new offerings are eagerly awaited throughout the year, not to mention the summer season. Your Company is offering highest product range in the Ice-cream Industry. Today, your Company has more than 200 products and 300 product matrix.

Over the years, your Company has developed a cold chain as well as distribution network. The network is serviced by a large fleet of refrigerated vehicles. Also there is a continuous programme of expansion of the network.

As far as the price factor is concerned, your Company is adopting a consumer oriented strategy wherein the priority was on passing more and more benefits to the ultimate consumers. All the benefits accruing out of the economies of scale were passed on to the consumer in the form of value for money offers like "Buy One Get One Free". Here too, the focus was mainly on take-away packs, which in a way has changed the consumption pattern amongst consumers. The consumption pattern has shown a shift from impulse to take away packs, which triggered off a tremendous growth in the takeaway packs. In order to revive the impulse category also, your Company has also introduced similar offers on Cups and Candies and the results were the same. This is reflected in the volume and value growth achieved by the Company over the last few years. Further, the introduction of "Happinezz parlours" reflects your Company's marketing strategy of setting up exclusive ice-cream parlours to thwart competition. Happinezz parlours have been a run away success drawing large crowds.

Your Company already had an excellent penetration level in Western India viz. Gujarat and Rajasthan and in certain states of Northern India viz. U.P., Delhi and Uttaranchal. There were territories where there was an ample scope to increase the penetration level and the focus in these territories (viz. West Bengal, Bihar, Jharkhand, Orissa, Punjab, Haryana, Chandigarh, etc.) was to improve the network of distribution. Thus, new C&F Agents, Distributors and Dealers were appointed and investments were made in deployment of freezers in the market place.

FINANCE

During the year under review, part of the domestic working capital facilities availed by the Company from Bank of India, Ahmedabad Corporate Banking Branch, were converted into foreign currency loan with forward booking of foreign currency, thereby your Company could be able to save the interest cost of around 7% per annum. However, your Company has continued to enjoy during the year under review, various working capital facilities from Bank of India.

During the year under review, the Company has fully repaid the Hire Purchase loan of Rs. 4.50 lacs availed from Siddhi Co.op. Bank Ltd. The Company has also fully repaid the loan amount of Rs. 10.52 lacs availed from ICICI Bank Ltd. However, the Company has availed Vehicle Loan of Rs. 9.68 lacs from ICICI Bank Limited against the security of vehicles.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001, the Company has transferred the unclaimed dividend amount of Rs. 36,539/- (including interest amount of Rs. 3,995/- on fixed deposit) declared for the financial year ended on 31st March, 1995 to the Investor Education and Protection Fund established by the Government under Section 205C(1) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has no overdue deposits outstanding other than those unclaimed of Rs. 0.35 lacs as on 31st March, 2003. As on date of this report, deposits aggregating Rs. 0.05 lacs thereof have been claimed and paid or renewed. The Company has accepted fixed deposits of Rs. 73.55 lacs from the Public and Shareholders during the year 2002-2003, 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, 2003 stood at Rs. 84.78 lacs.

RESPONSIBILITY STATEMENT

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

- 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, 2003 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.

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, Calculation of EPS and Deferred Tax Liability.

COMPLIANCE CERTIFICATE

Pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rule, 2001, the Compliance Certificate received by the Company from Shri Ashish C. Doshi, a Company Secretary in Whole-time Practice, certifying that the Company has complied with all the provisions of the Companies Act, 1956 during the financial year ended on 31st March, 2003 (2002-2003) has been annexed hereto and forming part of the Directors' Report.

DEPOSITORY SYSTEM

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

The ISIN number allotted to the Company is INE693D01018.

NOMINATION FACILITY

The Companies (Amendment) Act, 1999 (1st Amendment), which came into effect from 31st October, 1998, has provided for a facility of nomination in the Shares of a Company held in physical form. Your Company has already offered the facility of nomination to the members. Individual Shareholders can avail of the facility of nomination in respect of their shareholdings and may submit to the Company at its Share Department the prescribed Form 2B.

INSURANCE

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

LISTING AGREEMENT WITH STOCK EXCHANGES

Pursuant to the provisions of Listing Agreement with the Stock Exchanges, the Company declares that the Equity Shares of the Company are listed on the Stock Exchanges at Ahmedabad (Regional) and Mumbai.

However, the Company has proposed to voluntarily delist its Equity Shares from Ahmedabad Stock Exchange, as the volume of trading on this Stock Exchange is very low and the Stock Exchange, Mumbai, where the Company's shares will continue to be listed, has got nation-wide trading terminals and the de-listing from the Ahmedabad Stock Exchange will not affect the trading of the shares by members located in any part of the Country. The necessary resolution has been incorporated in the Notice of the meeting for delisting the Equity Shares of the Company from Ahmedabad Stock Exchange.

The Company confirms that it has paid Annual Listing Fees due to the above Stock Exchanges upto the financial year 2003-2004.

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

Particulars relating to Conservation of Energy and Technology Absorption are not given, as it appears that the Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988 is not applicable to the Company due to the nature of the Company's business operations, being Marketing Company.

As against Foreign Exchange Outgo of Rs. 62.77 lacs for the previous year ended on 31st March, 2002, being the value of Imports of Deep Freeze Machines and Stores & Spares on C.I.F. basis, there is no any Foreign Exchange Outgo during the year under review. However, during the year under review, the Company has earned the foreign exchange of Rs. 0.49 lacs.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Rajesh R. Gandhi and Shri Laxmiprasad C. Amin, Directors of the