28th ANNUAL REPORT 2012 - 2013

VADILAL ENTERPRISES LTD.

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HAPPINEZZ
KA SWAAD

Vadilal®
ICE CREAM
PURE VEGETARIAN







Artisan
Ice cream Log



Double Sundae



CHAIRMAN EMERITUS
Ramchandra R. Gandhi

BOARD OF DIRECTORS
Virendra R. Gandhi
Rajesh R. Gandhi
Devanshu L. Gandhi
Laxmiprasad C. Amin (upto 29-10-2012)
Jayantilal M. Shah
Niranjana A. Kapadia (from 3-11-2012)

COMPANY SECRETARY
Ruchita Gurjar

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

BANKER
Bank of India

REGISTERED OFFICE
A/801, 8th Floor, "Time Square" Building,
C. G. Road, Nr. Lal Bunglow Char Rasta,
Navrangpura, Ahmedabad - 380 009.
Phone : 079-26407201-09, 079-30153000
Fax : 079-30153102

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

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

28th ANNUAL GENERAL MEETING

Day - Saturday

Date - 21st September, 2013

Time - 10.30 a.m.

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

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E-mail for Investor Grievances : shareslogs@vadilalgroup.com

Web : www.vadilalgroup.com

Notes :

1. **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/documents 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 thos 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, Share Transfer Agent of the Company.
2. **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.
3. Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address, issue of duplicate share certificates 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 - 26582878, 26584027, 9327055153) (Fax: 079 - 26581296) or at the Share Department of the Company situated at B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bunglow Char Rasta, Navrangpura, Ahmedabad – 380 009.

SHAREHOLDER INFORMATION

1. Name of Company :

Vadilal Enterprises Limited

2. Company CIN No. :

L51100GJ1985PLC007995 (Old Registration 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: 079-26564018 to 23, 30153347) (Fax: 079-26564026)

4. Book-Closure :

Book-Closure from 14th September, 2013 to 21st September, 2013 (both days inclusive) for the purpose of payment of Dividend of Re. 1.20 per share (@ 12%) for the year ended on 31st March, 2013, as recommended by the Board and if declared at the Meeting and to determine the members eligible for the said dividend.

5. Stock Exchange where the Shares are listed :

BOMBAY STOCK EXCHANGE LTD.
(Security Code No. 519152)
Department of Corporate Services,
1st Floor, Rotunda Building,
Dalal Street, Fort, B. S. Marg
Mumbai - 400 001.
(Phone: 91-22-2272 1234 / 1233)
(Fax : 91-22-2272 2082 / 3132)

The Annual Listing Fees upto the Financial Year 2013-2014 have been duly paid to the above Stock Exchange.

6. Delisting of shares from Ahmedabad Stock Exchange Limited :

Considering the negligible volume of trading at Ahmedabad Stock Exchange Limited, the Board of Directors has, at its meeting held on 30th May, 2012 approved to voluntarily delist total 862668 Equity Shares of ₹10/- each of the Company from the Ahmedabad Stock Exchange Limited. On application of the Company, the Ahmedabad Stock Exchange Limited has, vide a letter dated 31st July, 2012 approved the delisting of the aforesaid Equity Shares of the Company from the exchange and the said shares has been removed from the list of the exchange w.e.f. 31st July, 2012. However, the equity shares of the Company shall continue to be listed at the Bombay Stock Exchange Limited, which is having nation wide terminals.

7. Security Code :

Bombay Stock Exchange Ltd.	-	519152
ISIN Number	-	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 numerous advantages offered by DS, the 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 canceled 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 has entrusted the work of Dematerialisation/Rematerialisation of shares to an outside Registrar, viz. MCS Ltd., Ahmedabad. As per 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. 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. (Phone : 079-26582878, 26584027) (fax : 079-26581296)

10. Share Transfer System :

Presently, share transfers which are received in physical form are processed and the share certificates are 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 required under Clause 47(c) of Listing Agreement with Stock Exchanges, a certificate is obtained every six months from a Practicing Company Secretary, with regard to, inter alia, effecting transfer, transmission and consolidation within one month of their lodgment. The certificates are forwarded to BSE and ASE, where the equity shares are listed.

In terms of SEBI's circular dated 31st December, 2002, a Secretarial Audit is conducted on a quarterly basis by Practicing Company Secretary for the purpose of reconciliation of the total Admitted Equity Share Capital with the Depositories and in the physical form with the total issued public paid-up Equity Capital of the Company. Certificates issued in this regard are forwarded to ASE and BSE, where the Equity Shares are listed.

11. Distribution of Shareholding as on 31st March, 2013 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of total Shares
Up to 500	1496	92.92	191318	22.18
501 to 1000	55	3.42	42779	4.96
1001 to 2000	20	1.24	29690	3.44
2001 to 3000	9	0.55	21057	2.44
3001 to 4000	3	0.19	10711	1.24
4001 to 5000	4	0.25	18137	2.10
5001 to 10000	8	0.50	51649	5.99
10001 to 50000	12	0.75	255862	29.66
50001 & above	3	0.18	241465	27.99
Total	**1610**	**100.00**	**862668**	**100.00**

12. Categories of Shareholders as on 31st March, 2013 :

	Category of Shareholders	No. of Equity Shares held	% of total shares
	A : Promoters and Promoters' Group :		
1	Directors	263041	30.49
2	Directors' relatives	54531	6.32
3	HUFs	25284	2.93
4	Group Companies	105407	12.22
5	NRI	429	0.05
	Total (A) :	**448692**	**52.01**
	B : Public :		
1	Bodies Corporate	48383	5.61
2	NRI	10629	1.23
3	HUF	10522	1.22
4	Resident Individual	344442	39.93
	Total (B) :	**413976**	**47.99**
	Total (A) + (B)	**862668**	**100**

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: 079-27438531, 27437597)

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.

14. 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 B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bunglow Char Rasta, Navrangpura, Ahmedabad – 380 009. Telephone Nos. 079-30153185 and Fax No. 30153102.

NOTICE

NOTICE is hereby given that the **28th ANNUAL GENERAL MEETING** of the members of **VADILAL ENTERPRISES LIMITED** will be held on Saturday, the 21st day of September, 2013, at 10.30 a.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380006 to transact the following business :

ORDINARY BUSINESS:

1) To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and reports of the Directors and Auditors thereon.

2) To declare dividend on Equity Shares for the year ended on 31st March, 2013.

3) To appoint a Director in place of Mr. Virendra R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.

4) To appoint a Director in place of Mr. Jayantilal M. Shah, 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 authorize the Board of Directors of the Company to fix their remuneration, apart from reimbursement of out-of-pocket expenses and applicable taxes.

SPECIAL BUSINESS:

6) **Appointment of Mrs. Niranjana A. Kapadia as a Director of the Company:**

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

"RESOLVED THAT Mrs. Niranjana A. Kapadia, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 by the Board of Directors of the Company on 3rd November, 2012 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing from a member alongwith a deposit of Rs. 500/-, proposing the candidature of Mrs. Niranjana A. Kapadia for the office of Director, be and is hereby appointed as a Director of the Company and her office as a Director shall be liable to retire by rotation as per the provisions of the Articles of Association of the Company."

7) **Commencement of New Business by the Company:**

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 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such authorities as may be required, approval of the Members of the Company be and is hereby accorded to the Board of Directors to commence and carry on and undertake all or any of the business specified in Sub-clause 36 under "Other Objects for which company is established" of Clause III(C) of the Memorandum of Association of the Company as and when they deemed fit.

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

By Order of the Board
For VADILAL ENTERPRISES LIMITED

RAJESH R. GANDHI
Director

Registered Office:
A/801, 8th Floor,
"Time Square" Building,
C. G. Road, Nr. Lal Bunglow
Char Rasta, Navrangpura,
Ahmedabad - 380 009
Dated: 14th August, 2013.

NOTES:

1. **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 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.

2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. 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.

4. 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.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2013 to 21st September, 2013 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended 31st March, 2013, as recommended by the Board and if declared at the meeting.

6. Dividend of Rs.1.20 per share (@ 12.00%) on Equity Shares for the year ended on 31st March, 2013 as recommended by the Board, if declared at the meeting, will be paid without deduction of tax at source:

   # to those members, whose names appear on the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company/Share Transfer Agent on or before 13th September, 2013, or

   # in respect of shares held in electronic form, to those "Beneficial Owners" whose names appear in the Statement of Beneficial Ownership furnished by NSDL and CDSL as at the end of business hours on 13th September, 2013.

7. 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 **at Share Department** of the Company for assistance.

8. Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unclaimed dividend declared upto the Financial 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 up to 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 - 380013.

   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), 31st March, 1998, 31st March, 1999, 31st March, 2000, 31st March, 2001, 31st March, 2002 and 31st March, 2003 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 of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

   Members, who have not yet encashed their dividend warrant(s) from the Financial Year ended 31st March, 2007 and onwards, are requested to make their claims to the Company accordingly, without any delay.

9. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

10. 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.

11. 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.

12. 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.

13. All documents referred to in the accompanying Notice & Explanatory Statement are open for inspection for the members, **at the Share Department** of the Company, on all working days except Saturdays between 2.00 p.m. to 4.00 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

Mrs. Niranjana A. Kapadia, was appointed as an Additional Director of the Company by the Board of Directors, on 3rd November, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mrs. Niranjana A. Kapadia will hold office as an Additional Director upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mrs. Niranjana A. Kapadia for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956. Keeping in view of her vast expertise and knowledge, it will be in the interest of the Company that Mrs. Niranjana A. Kapadia is appointed as a Director of the Company. Mrs. Niranjana A. Kapadia is an Independent Director of the Company and is liable to retire by rotation.

Your Directors, therefore, recommend the resolution for your approval as per Item No. 6 of the Notice.

Save and except Mrs. Niranjana A. Kapadia, no other Directors are, in any way, concerned or interested in this resolution.

ITEM NO. 7

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

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

Pursuant to Sub-clause 36 of "Other Objects" of Clause III(C) of the Memorandum of Association of the Company, the Company is authorized to carry on business of manufacturers, producers or dealers in dairy products, run a dairy and deal in milk, cream, butter, cheese etc.

The Directors therefore recommend the Special Resolution as mentioned in Item No. 7 of the Notice for approval of the Members for commencement of business as mentioned in Sub-clauses 36 of "Other Objects" of Clause III(C) of the Memorandum of Association.

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

By Order of the Board
For VADILAL ENTERPRISES LIMITED

RAJESH R. GANDHI
Director

Registered Office:
A/801, 8th Floor,
"Time Square" Building,
C. G. Road, Nr. Lal Bunglow
Char Rasta, Navrangpura,
Ahmedabad - 380 009
Dated: 14th August, 2013.

DIRECTORS' REPORT

To,
The members,
VADILAL ENTERPRISES LIMITED
Ahmedabad.

Your Directors have pleasure in presenting herewith the 28th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2013.

FINANCIAL RESULTS

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a)	Earning before Interest, Tax, Depreciation and Amortization	586.41	582.50
(b)	Finance Cost	119.01	101.20
(c)	Depreciation & Amortization Expense	459.90	369.82
(d)	Profit before Exceptional item and Tax	7.50	111.48
(e)	Exceptional Items	0.00	(24.23)
(f)	Profit before Tax	7.50	135.71
(g)	Tax Expense		
	— Current Tax	22.24	61.40
	— Deferred Tax	(19.83)	(23.37)
	— Income Tax written off / (written back)	(2.11)	2.04
	Total Tax:	0.30	40.07
(h)	Profit for the year	7.20	95.64
(i)	**Surplus in the Statement of Profit & Loss:**		
	Balance brought forward from the last year	76.14	74.19
	Add: Profit after tax for the year	7.20	95.64
		83.34	169.83
	Less : Appropriation		
	— Proposed Equity Dividend (amount per share Rs. 1.20)	10.35	10.35
	— Tax on proposed Equity Dividend	1.76	1.68
	— Transfer to General Reserve	5.00	81.66
	Net Surplus / (Deficit) in the Statement of Profit and Loss:	66.23	76.14
		83.34	169.83

TURNOVER & PROFITS

Inspite of stiff competition in the market particularly in Ice-cream business during the year under review, your Company has earned Revenue from Operations (Net) of Rs.33738.07 lacs as compared to Revenue from Operations (Net) of Rs.29377.31 lacs achieved during the previous year ended on 31st March, 2012.

Your Company has earned the earnings before interest, tax, depreciation and amortization of Rs.586.41 lacs as compared to Rs. 582.50 lacs earned during the previous year ended on 31st March, 2012. Your Company has earned the profit of Rs.7.20 lacs during the year under review as compared to profit of Rs.95.64 lacs earned during the previous year ended on 31st March, 2012.

DIVIDEND:

The Directors have recommended dividend of Rs.1.20 per share (@12.00%) on 8,62,668 Equity Shares of Rs. 10/- each of the Company for the financial year ended on 31st March, 2013 as compared to 12.00% dividend declared in the previous financial year ended on 31st March, 2012. This will absorb Rs.10.35 lacs. The corporate dividend tax payable by the Company on the said dividend will be Rs.1.76 lacs.

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 13th September, 2013.

OPERATIONS - MARKETING FOCUS:

ICE-CREAM DIVISION:

INDUSTRY STRUCTURE & DEVELOPMENT, BUSINESS OVERVIEW & SUSTAINABLE GROWTH OPPORTUNITIES:

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

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

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

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

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

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

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

AWARDS WON BY VADILAL YEAR BY YEAR:

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

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

FUTURE STRATEGY:

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

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

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

Processed Food Division – Domestic:

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

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

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

FINANCE :

During the year under review, M/s. Tata Capital Financial Services Ltd. sanctioned to the Company Secured Term Loan of