

20th
ANNUAL REPORT
2004-2005



VADILAL ENTERPRISES LIMITED

www.vadilalgroup.com
www.vadilalmarkets.com

BOARD OF DIRECTORS**Chairman & Managing Director**

Ramchandra R. Gandhi
(Chairman from 30/07/2004)

Directors

Virendra R. Gandhi
Rajesh R. Gandhi
Devanshu L. Gandhi
Laxmiprasad C. Amin
Ramanlal V. Mehta
Jayantilal M. Shah
Kashibhai B. Patel (upto 28/01/2005)

COMPANY SECRETARY

Janak Prajapati

AUDITORS

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

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

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

SHARE DEPARTMENT

Vadilal House, Shrimali Society,
Nr. Navrangpura Rly. Crossing,
Navrangpura, Ahmedabad-380 009.
(Phone : 079-26564019 to 24)
(Fax : 079-26564027)

Notes :

- The Company has appointed MCS Limited, having its office at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone: 079-26582878, 26581296) (Fax : 079-26584027), as its Registrar & Share Transfer Agent 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.

- 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.
- 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.
- 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.

20TH ANNUAL GENERAL MEETING

Day - Tuesday
Date - 27th September, 2005
Time - 12.30 p.m.
Venue - Ahmedabad Textile Mills' Asso. (ATMA) Hall,
Opp. La-Gajjar Chambers, Ashram Road,
Ahmedabad - 380009.

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

SHAREHOLDER INFORMATION

1. **Name of Company**
Vadilal Enterprises Limited
2. **Company 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 - 26564019 to 24) (Fax: 079 - 26564027)
4. **Book-Closure for 20th Annual General Meeting**
Book-Closure from 19th September, 2005 to 27th September, 2005 (both days inclusive) for the purpose of 20th Annual General Meeting of the Company.
5. **Stock Exchanges where the Shares are listed**

AHMEDABAD STOCK EXCHANGE (Security Code No. 64510) Kamdhenu Complex, Nr. Polytechnic, Ambawadi, Ahmedabad - 380 015 (Phone : 26307971 - 77)(Fax : 079 - 26308877)	BOMBAY STOCK EXCHANGE (Security Code No. 519152) 1st floor, New Trading Ring, Rotunda Building, B. S. Marg, Dalal Street, Fort, Mumbai - 400 001. (Phone : 91 - 22-2272 1234 / 1233) (Fax : 91-22-2272 2082 / 3132)
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The Annual Listing Fees up to the financial year 2005-2006 have been duly paid to the above Stock Exchanges.
6. **Security Code**

Ahmedabad Stock Exchange -	64510
Bombay Stock Exchange -	519152
ISIN Number -	INE693D01018
7. **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, 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.
8. **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.
9. **Share Transfer system**
Presently, 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.

10. Distribution of Shareholding as on 31st March, 2005

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Total Shares
Up to 500	1672	93.30	326273	37.50
501 to 1000	62	3.46	47689	5.48
1001 to 2000	22	1.23	33995	3.91
2001 to 3000	8	0.45	19925	2.29
3001 to 4000	10	0.56	34906	4.01
4001 to 5000	3	0.17	13077	1.50
5001 to 10000	4	0.22	28325	3.26
10001 & Above	11	0.61	365958	42.06
Total	1792	100.00	870,148	100.00

11. Categories of Shareholders as on 31st March, 2005.

Sr. No.	Category of Shareholders	No. of Equity Shares held	% of Total Shares
1	Directors, Relatives & HUF	133708	15.37
2	NRIs/ OCBs	10	0.00
3	Corporate Bodies	305434	35.10
4	Public	430996	49.53
Total		870,148	100.00

12. 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)

13. 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 Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009. Telephone Nos. 079 - 26564019 to 24 and Fax No. 079 - 26564027.

NOTICE

NOTICE is hereby given that the 20th ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on Tuesday, the 27th September, 2005, at 12.30 p.m., at Ahmedabad Textile Mills' Asso. (ATMA) Hall, Opp. La-Gajjar Chambers, Ashram Road, Ahmedabad - 380009 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2005 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 Virendra R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri Devanshu L. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint M/s Kantilal Patel & Co., Chartered Accountants, Ahmedabad 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.
- 5) 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 provisions of the said Act during the financial year 2005-2006 and to authorise the Board of Directors to fix his remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 309, 310 and all other applicable provisions of the Companies Act, 1956 and Article No. 88 of the Articles of Association of the Company read with Rule 10 B of the Companies (Central Government's) General Rules and Forms, 1956, consent of the members of the Company be and is hereby accorded to the payment of sitting fees within the limit of Rs. 20,000/- (Rupees Twenty Thousand only) prescribed under the Act and/or Rules or such other ceiling as prescribed from time to time by the Central Government under the provisions of Section 310 of the Companies Act, 1956 and Rules made thereunder, per meeting of the Board of Directors and/or Committees thereof, to each Director (other than Managing/Whole-time Directors) of the Company w.e.f. 1st July, 2005."

By Order of the Board
For VADILAL ENTERPRISES LIMITED
RAMCHANDRA R. GANDHI
Chairman & 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 : 29th August, 2005

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 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 authorizing their representative to attend and vote on their behalf at the Meeting.
 - c) In case of joint holders attending the Meeting, only such joint holders 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 Item No. 5 and 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 19th September, 2005 to 27th September, 2005 (both days inclusive) for the purpose of 20th Annual General Meeting of the Company.
 - f) Members are also requested to send their all correspondence relating to Shares including transfer, transmission, change of address 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, 26581296) (Fax: 079 - 26584027) 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 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 and 31st March, 1997

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) for the financial year ended 31st March, 1998 onwards, are requested to make their claims to the Company accordingly, without any delay.

- i) 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.
- 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 the Item No. 5 and in respect of Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 5

Pursuant to Section 383A 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, 2005. The said Certificate has been attached with the Directors' Report for the year ended on 31st March, 2005.

However, the Company is required to appoint Shri Ashish C. Doshi to obtain from him a Certificate for the next financial year 2005-2006 regarding compliance by the Company of all provisions of the Act during the said financial year 2005-2006.

Your Directors, therefore, recommend the resolution for your approval for appointment of Shri Ashish C. Doshi for the above purpose as per Item No. 5 of the Notice.

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

ITEM NO. 6

Section 310 of the Companies Act, 1956 read alongwith Article No. 88 of the Articles of Association of the Company enables the payment of sitting fees to the Directors of the Company for attending meetings of the Board of Directors and/or Committees of the Board. Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 and Notification No. GSR 580(E) dated 24th July, 2003 issued by the Department of Company Affairs provides the payment of sitting fees up to maximum of Rs. 20,000/- (Rupees Twenty Thousand only) for Companies with paid-up capital and free reserves of Rs. 10 Crores and above or turnover of Rs.50 Crores and above.

As all Directors of the Company directly or indirectly interested in the resolution, approval of the members is sought to pay the sitting fees within the maximum limit of Rs. 20,000/- to each Directors of the Company except Managing/Whole-time Director w.e.f. 1st July, 2005 to be paid per meeting of the Board of Directors and/or Committees thereof.

Accordingly, the approval of the members is sought for the payment of sitting fees as aforesaid and therefore, the Directors recommend the resolution for the approval of the members.

All Directors of the Company directly or indirectly are interested in the resolution.

By Order of the Board
For VADILAL ENTERPRISES LIMITED
RAMCHANDRA R. GANDHI
Chairman & 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 : 29th August, 2005

DIRECTORS' REPORT

To,

The members,

VADILAL ENTERPRISES LIMITED

Your Directors have pleasure in presenting herewith the 20th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2005.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year ended 31-3-2005	Year ended 31-3-2004
(a) Profit for the year before Depreciation and Financial Expenses	479.36	195.62
(b) Less: Depreciation 297.30 Financial Expenses 55.28	352.58	63.16
(c) Profit/(Loss) before tax and Exceptional Items	126.78	(134.48)
(d) Exceptional Items	62.45	0.00
(e) Provision for Tax — Current — Deferred Tax (Net Charge)	4.04 20.07	0.00 (42.50)
(f) Profit/(Loss) after Tax	40.22	(91.98)
(g) Balance of Profit brought forward from previous year Amount available for Appropriation	(35.62) 4.60	56.36 (35.62)
APPROPRIATION		
(a) General Reserve		0.00
(b) Balance Profit carried to Balance Sheet		(35.62) (35.62)

TURNOVER & PROFITS

In spite of stiff competition in the market particularly in ice-cream business during the year under review, your Company has achieved sales turnover of Rs. 10786.68 Lacs as compared to sales turnover of Rs. 11035.20 Lacs achieved during the previous year ended on 31st March, 2004.

Your Company has earned Gross Profit of Rs. 479.36 Lacs as compared to Rs. 195.62 Lacs earned during the previous year ended on 31st March, 2004, a rise of 145 %. Your Company has earned Net Profit of Rs. 40.22 Lacs during the year under review as compared to Net Loss of Rs. 91.98 Lacs incurred during the previous year ended on 31st March, 2004.

DIVIDEND

In view of inadequate profit earned by the Company during the year under review and to conserve the resources of the Company, your Directors regret their inability to recommend any dividend on Equity Shares for the year ended 31st March, 2005.

OPERATIONS - MARKETING FOCUS

The ice-cream market has been slowly picked up after de-reservation of the sector in 1997. Per capita consumption of ice creams in India is one of the lowest at around 150-200ml per annum and ice cream penetration at all India level is estimated to be 15%. This provides ample growth opportunities in the market. The ice-cream industry in India has been witnessing a flurry of activities during the last few years. Entry of major competitor 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.

The focus at Vadilal has been to eliminate and minimise the price & availability barriers in order to increase the consumption of products. As far as product availability is concerned, Vadilal has deep penetration level in Western

Region (like, Gujarat and Rajasthan) and some parts of Northern Region (like U.P., Uttaranchal, Delhi, Haryana). In other States where there were ample opportunities to increase penetration like West Bengal, Bihar, Jharkhand, Orissa, Punjab, Chandigarh, the focus was to improve the distribution network by appointing new C&F Agents, Distributors and Dealers as well as by making proper investments in respective territories for providing infrastructure.

Vadilal is adopting a consumer-oriented strategy as far as the price factor is concerned, wherein the priority was on passing more and more benefits to the ultimate consumers. All the benefits accruing out of the economies of scale (in procurement and production) 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 take-away packs. In order to revive the impulse category also, Vadilal introduced similar offers on Cups and Candies and the results were the same.

The overall broad strategy of increasing the consumption was supported by appropriate promotion and market support. The selection of media and the communication strategy was done with an objective of achieving the broad objective of achieving growth in the growing market.

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 is able to save the interest cost of around 5 % per annum. However, your Company has continued to enjoy during the year under review, various other working capital facilities from Bank of India.

During the year under review, the Financial Institution, IDBI, has restructured the existing Term Loan of Rs. 238.33 Lacs, with repayment within 60 equal monthly installments commencing from 1st April, 2005 with reduced rate of interest @ 11% p.a.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001, the Company has transferred the unclaimed interim dividend amount of Rs. 28,758/- (including interest amount of Rs. 3,363/-) declared for the financial year ended on 31st March, 1997 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. 2.73 Lacs as on 31st March, 2005. As on date of this report, deposits aggregating Rs. 2.58 Lacs thereof have been claimed and paid or renewed. The Company has accepted fixed deposits of Rs. 52.35 Lacs from the Public and Shareholders during the year 2004-2005, 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, 2005 stood at Rs. 66.96 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, 2005 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 provisions of the Companies Act, 1956 during the financial year ended on 31st March, 2005 (2004-2005), has been annexed hereto and forming part of the Directors' Report.

DEPOSITORY SYSTEM

Your Company has established electronic connectivity with the Depositories, NSDL and CDSL. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's shares on NSDL and CDSL as aforesaid. The ISIN number allotted to the Company is INE693D01018.

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 and Mumbai.

The Company confirms that it has paid Annual Listing Fees due to the above Stock Exchanges upto the financial year 2005-2006.

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.

There is no any Foreign Exchange Earnings and Outgo during the year under review.

DIRECTORS

During the year under review, Shri Kashibhai B. Patel, Chairman of the Board of Directors, ceased to be a Director of the Company due to his sad demise. The Directors place on record the valuable services and guidance provided by Shri Kashibhai B. Patel during his tenure as Director of the Company. Shri Ramchandra R. Gandhi, Managing Director of the Company, was appointed as a Chairman of the Board of Directors of the Company w.e.f. 30th July, 2004 in place of Shri Kashibhai B. Patel. Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Virendra R. Gandhi and Shri Devanshu L. Gandhi, 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 as Directors of the Company, for which necessary resolutions have been incorporated in the Notice of the meeting.

PARTICULARS OF EMPLOYEES

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are not applicable to the Company, since none of the employees of the Company, including Managing Director of the Company, was in receipt of total remuneration of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. during the year under review.

AUDITORS

M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad, hold office as Statutory Auditors of the Company until the conclusion of this 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 at a remuneration to be decided by the Board of Directors.

TRADE RELATIONS

The Board desires to place on record its appreciation of the support and co-operation that your Company received from Distributors, Dealers, Stockists, C&F Agents, retailers and all others associated with your Company. It will be your Company's continued endeavor to build and nurture strong links with the trade, based on mutuality, respect and co-operation and consistent with the consumer interest.

ACKNOWLEDGMENTS

The Board wish 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 is 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, 29th August, 2005