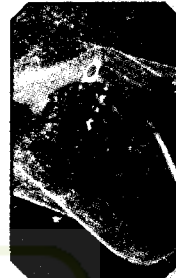
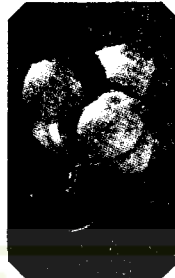


# VADILAL ENTERPRISES LTD.



Happinez Ka Swaad



Report Junction.com

24th ANNUAL REPORT 2008-2009



**BOARD OF DIRECTORS****Chairman & Managing Director**

Ramchandra R. Gandhi

**Directors**

Virendra R. Gandhi

Rajesh R. Gandhi

Devanshu L. Gandhi

Laxmiprasad C. Amin

Jayantilal M. Shah

**COMPANY SECRETARY**

Ruchita Gurjar

**AUDITORS**

M/s. Kantilal Patel &amp; 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 Bungalow Char Rasta,

Navrangpura, Ahmedabad - 380 009.

**REGISTRAR & SHARE TRANSFER AGENT**

(For physical &amp; demat)

MCS Limited, 101, Shatdal Complex,

1st Floor, Opp. Bata Show Room,

Ashram Road, Ahmedabad - 380 009.

(Phone: 079-26582878, 26584027)

(Fax: 079-26581296)

**SHARE DEPARTMENT**

Vadilal House, Shrimali Society,

Nr. Navrangpura Rly. Crossing,

Navrangpura, Ahmedabad - 380 009.

(Phone: 079-26564018 to 23, 66146146)

(Fax : 079-26564027)

**FOREX ADVISORY SERVICES**

Vadilal House, Shrimali Society,

Nr. Navrangpura Rly. Crossing,

Navrangpura, Ahmedabad - 380 009.

(Phone: 079-26564018 to 23, 66146146)

(Fax : 079-26564026)

**24<sup>th</sup> ANNUAL GENERAL MEETING**

Day - Tuesday

Date - 29th September, 2009

Time - 12.30 p.m.

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

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E-mail for Investor Grievances : [shareslogs@vadilalgroup.com](mailto:shareslogs@vadilalgroup.com)Web : [www.vadilalgroup.com](http://www.vadilalgroup.com) • [www.vadilalmarkets.com](http://www.vadilalmarkets.com)**Notes :**

1. The Company has appointed MCS Limited, having its office at 101, Shatdal Complex, 1<sup>st</sup> Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone: 079-26582878, 26584027) (Fax: 079-26581296), 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.

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 dematerialized 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 CIN No. :**  
L51100GJ1985PLC007995 (Old Registration No. 04-7995)
3. **Fixed Deposit Department & Forex Advisory Services :**  
Fixed Deposit Department and Forex Advisory Services of the Company are operated at the following address :  
Vadilal House, Shrimali Society,  
Near Navrangpura Railway Crossing,  
Navrangpura, Ahmedabad - 380 009.  
(Phone: 079-26564018 to 23, 66146146) (Fax: 079-26564027)
4. **Book-Closure**  
Book-Closure from 14th September, 2009 to 29th September, 2009 (both days inclusive) for the purpose of payment of Dividend of Rs. 1/- per share (@10%) as recommended by the Board and if declared at the meeting and to determine the members eligible for the said dividend.
5. **Stock Exchanges where the Shares are listed :**

|                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>BOMBAY STOCK EXCHANGE LTD.</b><br>(Security Code No. 519152)<br>Department of Corporate Services,<br>1st Floor, Rotunda Building,<br>Dalal Street, Fort, B. S. Marg<br>Mumbai - 400 001.<br>(Phone: 91-22-2272 1234 / 1233)<br>(Fax : 91-22-2272 2082 / 3132) | <b>AHMEDABAD STOCK EXCHANGE LTD.</b><br>(Security Code No. 64510)<br>Kamdhenu Complex, Nr. Polytechnic,<br>Panjrapole, Ambawadi,<br>Ahmedabad - 380 015.<br>(Phone: 079-26307971-77)<br>(Fax: 079-26308877) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The Annual Listing Fees upto the Financial Year 2009-2010 have been duly paid to the above Stock Exchanges.
6. **Security Code :**

|                               |                |
|-------------------------------|----------------|
| Bombay Stock Exchange Ltd.    | - 519152       |
| Ahmedabad Stock Exchange Ltd. | - 64510        |
| 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, 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.
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. (Phone: 079-26582878, 26584027) (Fax: 079-26581296)
9. **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.

#### 10. Distribution of Shareholding as on 31st March, 2009 :

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | No. of Shares held | % of Total Shares |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| Up to 500                 | 1738                | 92.94             | 275897             | 31.71             |
| 501 to 1000               | 60                  | 3.21              | 47017              | 5.40              |
| 1001 to 2000              | 26                  | 1.39              | 40023              | 4.60              |
| 2001 to 3000              | 11                  | 0.59              | 26995              | 3.10              |
| 3001 to 4000              | 9                   | 0.48              | 31761              | 3.65              |
| 4001 to 5000              | 5                   | 0.27              | 22544              | 2.59              |
| 5001 to 10000             | 11                  | 0.59              | 74495              | 8.56              |
| 10001 to 50000            | 9                   | 0.48              | 225216             | 25.88             |
| 50001 & above             | 1                   | 0.05              | 126200             | 14.50             |
| <b>Total</b>              | <b>1870</b>         | <b>100.00</b>     | <b>870148</b>      | <b>100.00</b>     |

#### 11. Categories of Shareholders as on 31st March, 2009 :

| Sr. No.      | Category of Shareholders   | No. of Equity Shares held | % of Total Shares |
|--------------|----------------------------|---------------------------|-------------------|
| 1            | Directors, Relatives & HUF | 157608                    | 18.11             |
| 2            | NRIs/OCBs                  | 713                       | 0.08              |
| 3            | Bodies Corporate           | 316369                    | 36.36             |
| 4            | HUF                        | 10676                     | 1.23              |
| 5            | Public                     | 384782                    | 44.22             |
| <b>Total</b> |                            | <b>870148</b>             | <b>100.00</b>     |

#### 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 079-26564018 to 23, 66146146 and Fax No. 079 - 26564027.



## NOTICE

NOTICE is hereby given that the 24<sup>th</sup> ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on Tuesday, the 29th September, 2009, at 12.30 p.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 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the year ended on 31st March, 2009.
- 3) To appoint a Director in place of Mr. Rajesh R. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Laxmiprasad C. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) 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 apart from reimbursement of out of pocket expenses and applicable taxes.

### SPECIAL BUSINESS :

- 6) **Re-appointment of Mr. Ramchandra R. Gandhi, as a Managing Director of the Company for a further period of 5 years with effect from 1<sup>st</sup> October, 2009 with payment of remuneration.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) and all guidelines and clarifications for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable, and also subject to such other approvals as may be necessary and as recommended by the Remuneration Committee, consent of the Company be and is hereby accorded to the re-appointment of Mr. Ramchandra R. Gandhi, as a Managing Director of the Company for a further period of Five (5) years with effect from 1<sup>st</sup> October, 2009 and payment of salary, perquisites, allowances and commission to him and upon the terms and conditions as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement to be entered into between the Company and Mr. Ramchandra R. Gandhi, a copy whereof submitted to this meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically approved with authority to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter and / or vary the terms and

conditions on the said re-appointment and / or salary, including commission, perquisites and allowances payable from time to time as they deem fit and / or draft Agreement in such manner as may be agreed upon by the Board of Directors and Mr. Ramchandra R. Gandhi, within the limits prescribed under Schedule XIII to the Act or any statutory amendment(s) and / or modification(s) thereto and if necessary, as may be agreed to between the Central Government and the Board of Directors and as may be acceptable to Mr. Ramchandra R. Gandhi.

**RESOLVED FURTHER THAT** notwithstanding to the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Ramchandra R. Gandhi as a Managing Director of the Company, the remuneration payable to him shall be as mentioned in the Explanatory Statement attached hereto and more particularly set out in the draft Agreement and not exceeding the limits prescribed in Section II of Part II of Schedule XIII to the Act, as amended from time to time subject to the compliance of provisions thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary the terms & conditions or increase the remuneration and perquisites including the monetary value thereof as specified in the Agreement (including minimum remuneration) to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and / or any Rules or Regulations framed thereunder and in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule - XIII of the Act and the terms of the aforesaid Agreement between the Company and Mr. Ramchandra R. Gandhi shall be suitably modified to give effect to such variation or increase as the case may be, subject to such approvals as may be required by the law.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution and to execute necessary documents / agreements / letters, on behalf of the Company."

- 7) **Alteration of Articles of Association of 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 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force and as may enacted from time to time), Article No. 121 of the Articles of Association of the Company be and is hereby altered by substituting the following Clause as new Article No. 121, in place of the existing Article No. 121 of the Articles of Association of the Company:

### THE SEAL:

121. The Board shall provide for the safe custody of the Seal and the seal never be used except by the authority previously given by the Board or



committee of the Board authorised by the Board in that behalf and save as provided by Article 13 thereof, the Seal shall not be affixed to any instrument except by or under the authority of the Board of Directors or a Committee of the Board previously given and in presence of (a) any two Directors of the Company or (b) one Director and the Company Secretary of the Company or (c) one Director and any other person as may be authorised by the Board for that purpose or (d) any person as may be authorised by the Board for that purpose, who shall sign every instrument to which the Seal is so affixed in their/his presence. Provided further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and their statutory modification for the time being in force.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby severally authorised to file necessary forms with the office of the Registrar of Companies, Gujarat at Ahmedabad, under MCA-21 Portal, for giving effect of the aforesaid alteration in the Articles of Association of the Company, and to do all such acts, deeds, matters and things as may be required in this connection."

By Order of the Board  
For VADILAL ENTERPRISES LIMITED

**RAMCHANDRA R. GANDHI**  
Chairman & Managing Director

**Registered Office:**

A/801, 8th Floor, "Time Square",  
C. G. Road, Nr. Lal Bungalow  
Char Rasta, Navrangpura,  
Ahmedabad - 380 009.

Dated : 31st July, 2009.

**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 holders 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, 2009 to 29th September, 2009 (both**

days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended 31st March, 2009 as recommended by the Board and if declared at the meeting.

- 6. Dividend of Re. 1.00/- per share (@ 10%) on Equity Shares for the year ended on 31st March, 2009 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 12th September, 2009, 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, 2009.

- 7. Members are 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, 26584027) (Fax: 079 - 26581296) or at the Share Department of the Company situated at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad-380 009.**
- 8. Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.e.f. 31<sup>st</sup> 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.**

- 9. 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, 31st March, 1998, 31<sup>st</sup> March, 1999, 31st March, 2000 and 31<sup>st</sup> March, 2001 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, 2002 onwards, are requested to make their claims to the Company accordingly, without any delay.

10. 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.
11. 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.
12. All documents referred to in the accompanying Notice are open for inspection for the members, at the Share Department of the Company, during office hours on all working days 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 shall be taken as forming part of the Notice.

#### ITEM NO. 6

The present term of office of Mr. Ramchandra R. Gandhi, as a Managing Director of the Company will expire on 30<sup>th</sup> September, 2009. The Board of Directors of the Company at their meeting held on 31st July, 2009 has, subject to the approval of Shareholders in General Meeting by passing a Special Resolution and approval of the Central Government, if applicable, re-appointed Mr. Ramchandra R. Gandhi as a Managing Director of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> October, 2009, on the terms and conditions as to the re-appointment and payment of remuneration, perquisites, allowances and commission mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Ramchandra R. Gandhi.

Pursuant to the provisions of Schedule - XIII to the Companies Act, 1956, the Remuneration Committee of the Company has, at its meeting held on 31st July, 2009, approved the terms and conditions of payment of salary, perquisites, allowances and commission to Mr. Ramchandra R. Gandhi, as mentioned below and more particularly mentioned in the draft Agreement to be entered into between the Company and Mr. Ramchandra R. Gandhi, subject to the approval of shareholders of the Company at a General Meeting, by way of a Special Resolution and approval of the Central Government, if applicable.

Mr. Ramchandra R. Gandhi has been associated with the Company since its inception and he is looking after day to day affairs of the Company. He has vast experience in Ice-cream business. He is a senior member on the Board of Directors of the Company. Considering the above, your Directors are of the opinion that it is in the interest of the Company to re-appoint him as a Managing Director of the Company.

The terms and conditions and remuneration relating to his re-appointment as Managing Director set out in the draft Agreement, a copy whereof duly initialed by the Chairman is placed at the meeting for the purpose of identification and is subject to the approval of Members of the Company.

Subject to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the principle terms and conditions, as contained in the draft Agreement relating to re-appointment and particularly payment of remuneration to Mr. Ramchandra R. Gandhi, are as under:-

- 1) The Managing Director shall, subject to the supervision, direction and control of the Board of Directors of the Company, manage the business and affairs of the Company.
- 2) Period of Agreement : 5 (five) years with effect from 1<sup>st</sup> October, 2009.
- 3) Salary : Rs. 80,000/- (Rupees Eighty Thousand only) per month as Basic Salary.
- 4) Perquisites & Allowances :

In addition to the basic salary, Mr. Ramchandra R. Gandhi shall be entitled the following perquisites and allowances. The perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost :

#### Category - A :

- a) House Rent Allowance (HRA) : Rs. 30,000/- per month in lieu of accommodation (furnished or otherwise).
  - b) Medical reimbursement : Expenses incurred for the Managing Director and his family shall be subject to Rs. 2,500/- per month.
  - c) Club Fees : Fees of Clubs subject to Rs. 4,800/- per annum excluding admission and life membership fees.
  - d) Personal Accident and Mediclaim Insurance Premium : For self and family, total premium not to exceed Rs. 30,000/- per annum.
  - e) Such other privileges, facilities, perquisites and amenities as per Rules of the Company.
- Explanation : For the purpose of perquisites and allowances, family means the spouse, the dependent children and dependent parents of the Managing Director.

#### Category - B :

- a) Provident Fund : The Company's contribution to Provident Fund as per Rules of the Company.
- b) Gratuity : Payment of Gratuity in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.
- c) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with such Scheme of the Company.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act, 1961.

**Category - C**

a) Provision of car for use on Company's business and telephone at residence (including payment for local calls and long distance official calls) will not be considered as perquisites and shall not be included in the computation of perquisites and allowances for the purpose of calculating the above ceiling. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

b) Encashment of leave as per Rules of the Company will not be included in the ceiling on perquisites.

**5) Commission :**

In addition to the Salary, Perquisites and other Allowances as mentioned above and in case of Company having adequate profit in any financial year during his term of office, Mr. Ramchandra R. Gandhi shall also be entitled for such financial year to a Commission at the rate of 1 % on the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956.

6) The Company shall also reimburse to the Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company and on behalf of the Company.

7) **Minimum Remuneration :** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Ramchandra R. Gandhi as a Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

8) The terms and conditions of payment of salary, perquisites, allowances and commission specified herein above may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and the Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and / or the rules and regulations made thereunder from time to time in future and / or such guidelines as may be announced by the Central Government from time to time.

9) The Managing Director, so long as he function as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

10) The Managing Director shall not be liable to retire by rotation.

11) For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

The Board therefore recommends the special resolution for approval of the members for re-appointment of Mr. Ramchandra R. Gandhi as a Managing Director of the Company and payment of remuneration and commission

as mentioned above. Pursuant to the provision of Schedule XIII to the Companies Act, 1956, the approval of shareholders of the Company by way of a Special Resolution is required, as Mr. Ramchandra R. Gandhi has already attained the age of 70 years.

The explanation together with the accompanying notice shall be treated as an abstract of the terms of re-appointment and payment of remuneration as mentioned in the draft Agreement proposed to be entered into between the Company and Mr. Ramchandra R. Gandhi under Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into by the Company with Mr. Ramchandra R. Gandhi and referred to in the Resolution contained in item No. 6 of the Notice is available for inspection to any Members at the Share Department of the Company on all working days, between 2.00 p.m. and 4.00 p.m. upto the date of the Annual General Meeting.

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

**ITEM NO. 7**

At present, pursuant to Article No. 121 of the Articles of Association of the Company, the Common Seal of the Company is required to be affixed on any instrument in presence of at least two Directors of the Company or at least one Director and Secretary or any other person duly authorised by the Board, who shall sign the same in token thereof.

Now, the Company proposes to alter Article No. 121 of the Articles of Association of the Company by substituting a new Clause as Article No. 121 in place of the the existing Article No. 121 of the Articles of Association of the Company, authorising any other person as may be authorised by the Board, in addition to the Directors and Company Secretary of the Company, to affix Common Seal of the Company on any instrument and to sign the same, so as to facilitate expeditious execution of documents.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, the approval of Members of the Company by way of a Special Resolution is required to be obtained for the purpose of alteration in Articles of Association of the Company.

A copy of the Articles of Association of the Company together with the proposed alteration, is available for inspection to the members at the Share Department of the Company during 2.00 p.m. to 4.00 p.m. on any working day of the Company, upto the date of the meeting.

The Board proposes the resolution to the members for their approval.

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

By Order of the Board  
**For VADILAL ENTERPRISES LIMITED**

**RAMCHANDRA R. GANDHI**  
Chairman & Managing Director

**Registered Office:**

A/801, 8th Floor, "Time Square",  
C. G. Road, Nr. Lal Bunglow  
Char Rasta, Navrangpura,  
Ahmedabad - 380 009.

Dated : 31st July, 2009.





## DIRECTORS' REPORT

To,  
The members,  
**VADILAL ENTERPRISES LIMITED**  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 24<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2009.

## FINANCIAL RESULTS

(Rs. in Lacs)

| Sr. Particulars<br>No.                                                                                           | Year ended<br>31-3-2009 | Year ended<br>31-3-2008 |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| (a) Profit for the year before<br>Depreciation and<br>Financial Expenses                                         | 481.86                  | 546.08                  |
| (b) Less: Depreciation<br>Financial Expenses                                                                     | 410.88<br>19.49         | 396.16<br>43.33         |
| (c) Profit before tax and<br>Exceptional items                                                                   | 51.49                   | 106.59                  |
| (d) Prior period adjustments                                                                                     | 0.00                    | 57.02                   |
| (e) Profit before tax                                                                                            | 51.49                   | 49.57                   |
| (f) Provision for Tax                                                                                            |                         |                         |
| - Current                                                                                                        | 74.25                   | 68.50                   |
| - Deferred Tax [Net (Credit)/Charge]                                                                             | (55.77)                 | (51.73)                 |
| - Fringe Benefit Tax                                                                                             | 31.00                   | 15.00                   |
| - Short/(Excess) Provision of<br>Income Tax/Fringe Benefit Tax<br>of earlier years written off<br>(written back) | (7.76)                  | 1.75                    |
| (g) Net Profit after Tax                                                                                         | 9.77                    | 16.05                   |
| (h) Balance brought forward                                                                                      | 64.37                   | 48.32                   |
| Amount available for Appropriation                                                                               | 74.14                   | 64.37                   |
| <b>APPROPRIATION:</b>                                                                                            |                         |                         |
| - Proposed Dividend                                                                                              | 8.70                    | 0.00                    |
| - Dividend Tax thereon                                                                                           | 1.48                    | 0.00                    |
| - Balance Profit carried to<br>Balance Sheet                                                                     | 63.96                   | 64.37                   |
|                                                                                                                  | 74.14                   | 64.37                   |

## 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. 15,664.22 lacs as compared to sales turnover of Rs. 13,604.72 lacs achieved during the previous year ended on 31<sup>st</sup> March, 2008.

Your Company has earned the Gross Profit of Rs. 481.86 lacs as compared to Rs. 546.08 lacs earned during the previous year ended on 31<sup>st</sup> March, 2008. Your Company has earned the Net Profit of Rs. 9.77 lacs during the year under review as compared to Net Profit of Rs. 16.05 lacs earned during the previous year ended on 31<sup>st</sup> March, 2008.

## DIVIDEND

The Directors have recommended dividend of Re. 1/- (@ 10%) on 8,70,148 Equity Shares of Rs. 10/- each of the Company for the financial year ended on 31<sup>st</sup> March, 2009. This will absorb Rs. 8.70 lacs. The corporate dividend tax payable by the Company on the said dividend will be Rs. 1.48 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 29<sup>th</sup> September, 2009.

## OPERATIONS - MARKETING FOCUS

### Ice-cream Division

India being the largest milk producer in the world with an annual production of more than 100 million tons, a huge potential of value

added dairy products like ice creams. Total Indian market size including organized and unorganized is approx Rs. 2500 Cr., out of which organized sector contributes round about Rs. 1200 Cr. There is huge untapped potential of specialized Ice-cream outlets at malls and other public flow areas - major city points where people used to visit very frequently.

The Ice-cream division of the Company is showing a sustainable growth year to year, which has been triggered by increasing demand for newer varieties & change in consumer preferences which has been catered by novel products & providing value addition to the consumers. There is considerable increase in demand for impulses & novelties. There is a completely new segment of market developing which consist of catering & institutional customers from where, a large chunk of revenue is generated. Ice-cream industry in India is growing at rate of 12-13% whereas the Company is growing at CAGR of 17%.

Vadilal has received total 7 awards in the Great Indian Ice-Cream Contest organised by Indian Dairy Association (IDA) & Danisco, in December, 2008.

### Processed Food Division

It is estimated that size of global processed food market is US\$3.2 trillion and add to that 80% of the total agricultural products are processed and packaged in the developed countries. This fact in itself indicates that there is tremendous growth potential for Indian processed food industry in years to come. In recent times, many new entrants including MNCs and Indian corporates have commissioned processing facilities in India to derive maximum advantage from this growing industry.

The year 2008-09 was one more successful year for the Vadilal PFD Domestic Division. The division achieved Sales growth of 19.54% in the year. Apart from getting good sales from the popular products like Green Peas and Mango Pulp etc., the division has also introduced new products e.g. Custard Apple Pulp, Pine Apple Pieces and Green Gram and Baan & Kulcha (Re-launched RTS Curries and improved Half Cooked Parathas, too). The division has also made special efforts to strengthen its network in the states Chhattisgarh and Maharashtra by appointing new Distributors and enhancing the sales of the existing distributors.

In the coming year 2009-2010, the division is looking to expand its network in the new territories like Kolkatta, Delhi and M.P.

### Forex Division - Forex Advisory and Exposure Management Service LME Base Metal and Bullion Advisory Service

The Division in its 14<sup>th</sup> year of operations has achieved few milestones to count few : 1) Only such service provider on all India basis having ISO certification. 2) Live and on line information of currencies movements of all major world traded currencies on spot and forward value on the website - [www.vadilalmarkets.com](http://www.vadilalmarkets.com) which has been described by many as complete FOREX kiosks. 3) The Division has largest member subscribers in Gujarat and evenly spreading member subscribers fold outside the State. 4) The Division has recently started preparation of FOREX Risk Management Policy for the largest corporate level companies in terms of one of the requirement of RBI. 5) The Division has Franchisee arrangements at Rajkot, Mumbai and Pune and during the year planning to add few more places. 6) The Division has Channel Partnership arrangement established with Pune base IT company for their web base pricing solution, viz., IONPOT.

Forex Division of the Company has received ISO 9000:2000 certificate from Intertek Systems towards quality management system for its Forex Advisory Services.

## FINANCE

During the year under review, the Company has restructured the installments of old Term Loan of Rs. 3 Crores availed from IDBI Bank Ltd., for one year. Further, the Company has surrendered the working capital facilities of Rs. 50.00 lacs, out of the total working capital facilities of Rs. 405.00 lacs availed from Bank of India, Ahmedabad Corporate Banking Branch.

During the year under review, the Company has availed full disbursement of the Term Loan of Rs. 90.48 lacs out of total term loan of Rs. 400 lacs from Bank of India, Ahmedabad.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001, the Company has transferred the unclaimed dividend amount of Rs. 6328/- declared for the financial year ended on 31<sup>st</sup> March, 2001 to the Investor Education and Protection Fund established by the Government of India under Section 205C(1) of the Companies