



## 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, 26564025, 26421193) (Fax: 079-26564027)
4. Book-Closure :  
Book-Closure from 13th September, 2010 to 27th September, 2010 (both days inclusive) for the purpose of payment of Dividend of Re. 1.20 per share (@ 12%) 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 :  
BOMBAY STOCK EXCHANGE LTD. AHMEDABAD STOCK EXCHANGE LTD.  
(Security Code No. 519152) (Security Code No. 64510)  
Department of Corporate Services, Kamdhenu Complex, Nr. Polytechnic,  
1st Floor, Rotunda Building, Panjrapole, Ambawadi,  
Dalal Street, Fort, B. S. Marg Ahmedabad - 380 015.  
Mumbai - 400 001. (Phone: 079-26307971-77)  
(Phone: 91-22-2272 1234 / 1233) (Fax: 079-26308877)  
(Fax : 91-22-2272 2082 / 3132)  
The Annual Listing Fees upto the Financial Year - 2010-2011 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/FITC/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, 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2010 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Total Shares
Up to 500	1805	92.85	270579	31.37
501 to 1000	71	3.65	54244	6.29
1001 to 2000	24	1.23	36853	4.27
2001 to 3000	10	0.51	24775	2.87
3001 to 4000	8	0.41	28060	3.25
4001 to 5000	5	0.26	22544	2.61
5001 to 10000	11	0.57	76154	8.83
10001 to 50000	9	0.46	219428	25.44
50001 & above	1	0.06	130031	15.07
<b>Total</b>	<b>1944</b>	<b>100.00</b>	<b>862668</b>	<b>100.00</b>

11. Categories of Shareholders as on 31<sup>st</sup> March, 2010 :

Sr. No.	Category of Shareholders	No. of Equity Shares held	% of Total Shares
1	Directors, Relatives, HUF & Group Companies	419436	48.62
2	NRIs/OCBs	2001	0.23
3	Bodies Corporate	59689	6.92
4	HUF	5684	0.66
5	Public	375858	43.57
	<b>Total</b>	<b>862668</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, Shrinjali 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 25<sup>th</sup> ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on Monday, the 27th September, 2010, at 11.00 a.m., at GICEA, Gajjar Hall, Niman 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, 2010 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, 2010.
- 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. Devanshu L. Gandhi, 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.

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 : 10th August, 2010

### 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 has not

been attached herewith as no Special Business is to be transacted at the meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2010 to 27th September, 2010 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended 31st March, 2010 as recommended by the Board and if declared at the meeting.
6. Dividend of Re. 1.20 per share (@ 12%) on Equity Shares for the year ended on 31st March, 2010 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 11th September, 2010, 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 12th September, 2010.
7. Reserve Bank of India has initiated National Electronic Clearing Service (NECS) for credit of dividend directly to the bank account of Members. Members holding shares in dematerialised form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) with their Depository Participant. Members holding shares in physical form are requested to provide their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) alongwith their folio number to the Company's Registrar and Transfer Agents, MCS Ltd
8. 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.
9. 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.
10. 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, 31<sup>st</sup> March, 1999, 31st March, 2000, 31<sup>st</sup> March, 2001 and 31<sup>st</sup> March, 2002 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, 2003 and onwards, are requested to make their claims to the Company accordingly, without any delay.

11. 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.
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. Relevant documents referred to in the accompanying Notice are open for inspection for the members, at the Share Department of the Company, during of five hours on all working days except Saturdays between 2.00 p.m. to 4.00 p.m. upto the date of the Annual General Meeting.

## DIRECTORS' REPORT

To,  
The members,  
VADILAL ENTERPRISES LIMITED  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 25<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

(Rs. in Lacs)

Sr. Particulars No.	Year ended 31-3-2010	Year ended 31-3-2009
(a) Profit for the year before Depreciation and Financial Expenses	495.08	481.86
(b) Less: Depreciation	368.56	410.88
Financial Expenses (Net)	(0.03)	19.49
(c) Profit before tax and Exceptional items	126.55	51.49
(d) Provision for Tax		
— Current Tax	120.00	74.25
— Deferred Tax		
[Net (Credit)/Charge]	(64.95)	(55.77)
— Fringe Benefit Tax	0.00	31.00
— Short/(Excess) Provision of Income Tax/Fringe Benefit Tax of earlier years written off (written back)	5.09	(7.76)
(e) Net Profit after Tax	66.41	9.77
(f) Balance brought forward	63.96	64.37
Amount available for Appropriation	130.37	74.14
<b>APPROPRIATION:</b>		
— Proposed Dividend	10.35	8.70
— Dividend Tax thereon	1.72	1.48
— Transfer to General Reserve	50.00	0.00
— Balance Profit carried to Balance Sheet	68.30	63.96
	130.37	74.14

### 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. 19861.59 lacs as compared to sales turnover of Rs. 15664.22 lacs achieved during the previous year ended on 31<sup>st</sup> March, 2009.

Your Company has earned the Gross Profit of Rs. 495.08 lacs as compared to Rs. 481.86 lacs earned during the previous year ended on 31<sup>st</sup> March, 2009. Your Company has earned the Net Profit after Tax of Rs. 66.41 lacs during the year under review as compared to Net Profit after Tax of Rs. 9.77 lacs earned during the previous year ended on 31<sup>st</sup> March, 2009.

### FORFEITURE OF EQUITY SHARES

The Board of Directors has, at its meeting held on 19<sup>th</sup> January, 2010 forfeited total 7480 Equity Shares of Rs.10/- each of the Company, in respect of which the Share Allotment Money have remained unpaid in spite of several reminders by the Company. The paid-up Share Capital of the Company has thus been reduced from Rs. 87,01,480/- divided into 8,70,148 Equity Shares to Rs. 86,26,680/- divided into 8,62,668 Equity Shares of Rs. 10/- each.

### DIVIDEND

The Directors have recommended dividend of Re. 1.20 per share (@12%) on 8,62,668 Equity Shares of Rs.10/- each of the Company (after forfeiture of 7480 Equity Shares of Rs. 10/- each) for the financial year ended on 31<sup>st</sup> March, 2010 as compared to 10% declared in the previous financial year ended on 31<sup>st</sup> March, 2009. This will absorb Rs. 10.35 lacs. The corporate dividend tax payable by the Company on the said dividend will be Rs. 1.72 lacs. If approved, the dividend will be paid without deduction of tax at source to the shareholders.

### OPERATIONS - MARKETING FOCUS

#### Ice-cream Division

Industry Structure & Development, Business Overview & Sustainable Growth Opportunities.

India being the largest milk producer in the world with estimated production of about more than 100 million tons of ice-cream per year. Considering Indian economy's quantum growth in recent years, ice-cream market is also zooming at new horizons. Total Indian market size including organized and unorganized is estimated approximately Rs.3000 Cr., out of which organized sector contributes more than half. There is a 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 franchisee based parlours' concept is getting tremendous response. Another motivating factor for the industry is overall development of tier II, tier III towns & cities where average household per capita income is as encouraging as urban consumers.

Today's consumer is more materialistic, having more money to spend and there is vast portfolio of ice-cream flavours available in market offer a consumer plethora of options at hand to choose. Moreover the innovative modern ice-cream retail outlets alluring them to rush there and consume ice-cream.

The industry structure and ongoing transformation offers opportunities for organized players to invest and grow. Vadilal Ice-cream division 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 added products to the consumers. There is considerable increase in demand for impulses & novelties and a completely new segment of catering & institutional customers from where a large chunk of revenues would be generated. Exclusively designed Ice cream parlours we called it HAPPINEZZ PARLOUR which is also a key focus area for major ice-cream industry players.

#### Future Strategy

Vadilal primarily focuses on increasing the ice-cream consumption by continuously offering novel products at affordable rates. We are committed in eliminating the barriers for availability of ice-cream with focused distribution & franchising new Happeezz parlors across India.

For availability of ice-cream, we have the largest fleet of Refrigerated Vehicles in India, backed by the strong Distribution Network comprising of C&F Agents, distributors and retail dealers. Distribution network is



continuously being improved by appointing new C&F Agents, Distributors and Dealers. Delivering growth through proper investment and infrastructure is our commitment to the stakeholders. Vadilal clearly dominated the market of Gujarat, Rajasthan, Uttar Pradesh, Uttaranchal and Haryana. Also the regional competitors often feel our presence in Delhi, West Bengal, Orissa, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Chandigarh, Punjab, Himachal Pradesh, and Jammu.

Vadilal believe to serve consumers with innovative & value added products consistently.

The overall vision of the company to increase the consumption of ice-cream at national level supported fully by appropriate promotion and market communication strategies. Here the basic focus has been in brand building coupled with quality products & services. This year we have planned to release new brand specific TV commercials, which are already telecasted in all major national channels & children's channels. We are among the front-runners and maximum spender on Paper advertisement all over India. This spending actually surpasses the annual advertising budget of some of the regional players.

#### Processed Food Division - Domestic

The year 2009-10 was one more successful year for the Company's Processed Food Division - Domestic Market. The division has initiated its operation in new territories like Uttar Pradesh & Haryana. In the same year, Processed Food Division has introduced new products like Frozen Lilva Kachori & Patra.

In the next year, the division is also keen to establish itself well in territories like Delhi, Orissa and Bihar.

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

The Division in its 15<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, Pune and Kolkata 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 9001:2008 Certificate towards Quality Management System for its Forex Advisory Services.

#### FINANCE

During the year under review, part of total Rupee Term Loan availed by the Company from Bank of India, Ahmedabad Corporate Banking Branch has been converted into Foreign Currency Loan repayable in US Dollars. During the year under review, the Company has

fully repaid the Term Loans availed from IDBI Bank Ltd. In terms of the provisions of Investor Education and Protection Fund Rules, 2001 (IEPF), the Company has transferred the unclaimed dividend amount of Rs.32,343/- declared for the financial year ended on 31st March, 2002 (remain unclaimed for 7 years) to the Investor Education and Protection Fund established by the Government of India under Section 205C(1) of the Companies Act, 1956.

#### FIXED DEPOSITS

The Company has no overdue deposits outstanding other than those unclaimed of Rs. 1.75 lacs as on 31<sup>st</sup> March, 2010. As on date of this report, the deposits aggregating Rs. 0.55 lacs thereof have been claimed and either paid or renewed. The Company has accepted fixed deposits of Rs. 49.52 lacs from the Public and the Shareholders during the year - 2009-2010, after complying with the provisions of Section 58A 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 31<sup>st</sup> March, 2010 stood at Rs. 79.72 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 and confirm :

1. 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;
2. 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, 2010 and of the profit or loss of the Company for that year;
3. 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;
4. 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 Employees Benefit, Foreign Currency Transaction, Related Party Transactions, Taxes on Income and Expenses, Calculation of EPS, etc.

#### 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, building, 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 Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

The Company confirms that it has paid Annual Listing Fees due to the above Stock Exchanges upto the Financial Year - 2010-2011.

#### 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 during the year under review. However, there was Foreign Exchange outgo of Rs. 3.53 lacs during the year under review.

#### DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Virendra R. Gandhi and Mr. Devanshu L. Gandhi, Directors of the Company, shall 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.

As the members are aware, Mr. Ramchandra R. Gandhi, Chairman of the Company, has been re-appointed 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, perquisites, allowances and commission, duly approved by the members at the previous Annual General Meeting held on 29<sup>th</sup> September, 2009.

#### 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, 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 Statutory Auditors of the Company for the current year at a remuneration to be decided by the Board of Directors.

#### AUDITORS' REPORT

The following clarification has been made by the Directors in respect of observations made by the Auditors in their CARO Report for the year ended on 31<sup>st</sup> March, 2010 :

1. There was a slight short fall in maintaining liquid assets during the financial year under review due to inadvertence.
2. Advance Income Tax which remains outstanding for a period of more than 6 months from the date it became payable has been subsequently paid by the Company.

#### TRADE RELATIONS

The Board desires to place on record its appreciation of the support and co-operation that your Company received from Distributors, Dealers, Stockiest, 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 wishes to place on record its gratitude for the co-operation and assistance extended by 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.

By Order of the Board of Directors

RAMCHANDRA R. GANDHI  
Chairman & Managing Director

Date : 10th August, 2010  
Place : Ahmedabad



## AUDITORS' REPORT

To,  
The Members of  
Vadilal Enterprises Limited  
Ahmedabad.

1. We have audited the attached balance sheet of Vadilal Enterprises Limited as at March 31, 2010, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure here to a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of the written representations received from directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956, on the said date.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2010;
    - (b) in the case of the profit & loss account, of the 'profit' of the company for the year ended on that date;

and

    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For KANTILAL PATEL & CO.,  
Chartered Accountants  
Firm Registration No. 104744W

Mayank S. Shah  
Partner

Place : Ahmedabad  
Date : May 18, 2010

Membership No.: 44922

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF VADILAL ENTERPRISES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010.

- (i) In respect of its fixed assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation only in respect of building, vehicles and deep freeze machines capitalized onwards 1997-98. In respect of deep freeze machines capitalized prior to 1997-98 and other assets, individual details as to cost and accumulated depreciation, remains to be reconciled with ledger balances appearing in the financial statements.
  - (b) In respect of majority of fixed assets were verified during the year, except acrylic boards and other assets viz. furniture & office equipments. Material discrepancies noticed on Physical verification of said fixed assets carried out during the year have been properly dealt with in the books of account. Acrylic boards and other assets viz. furniture & office equipments are not verified during the year hence the question of reconciliation between physical verification and book records does not arise.
  - (c) The company has not disposed off substantial part of fixed assets during the year.
- (ii) In respect of its Inventories :
  - (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year except stock of stores and spares which have not been physically verified during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management needs to be strengthened, so as to cover physical verification of stores and spares at least once in a year.
  - (c) The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification of inventory as compared to the book records. In absence of physical verification of stock of stores and spares, the discrepancy if any, could not be ascertained.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
 

The company has not granted nor taken any loans, secured or unsecured to /from companies, firms or other parties covered in the register maintained under section 301 of the Act. And hence, paragraph 4 (iii) (a), (b), (c), (d), (e), (f) and (g) are not considered applicable to the company.
- (iv) In respect of main trading item viz. ice-cream, mango pulp, mango ras, frozen vegetables the purchases are made at agreed terms and conditions. In our opinion and according to the explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - (a) In our opinion and according to the information