

**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 & 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.
 Phone : 079-26407201-09
 Fax : 079-30153102

REGISTRAR & SHARE TRANSFER AGENT

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

SHARE DEPARTMENT

B/404, 4th Floor, "Time Square" Building,
 C. G. Road, Nr. Lal Bungalow Char Rasta,
 Navrangpura, Ahmedabad - 380 009.
 Phone : 079-30153194
 Fax : 079-30153191

Notes :

- Important Communication to Members** : The Ministry of Corporate Affairs has, pursuant to its Green Initiative in the Corporate Governance, allowed paperless compliances by Companies. It has issued circulars allowing the Companies to service notice/documents including Annual Report by email to its members. Many of the Shareholders have registered their emails pursuant to the said initiative. We thank those shareholders for the same. Those Shareholders, who have not registered their email addresses so far, may, as a support to thos initiative, register their email addresses, in respect of electronic holdings, with the Depository through their respective Depository Participant. Members who hold shares in physical mode are requested to register their email address with MCS Limited, Share Transfer Agent of the Company.
- Share Department of the Company** has been shifted from Vadilal House, Shrimali Society, Nr. Navrangpura Rly. Crossing, Navrangpura, Ahmedabad - 380 009 to B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009.
- Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address, issue of duplicate share certificates etc. to MCS Limited, Registrar & Share Transfer Agent of the Company at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009 (Phone: 079 - 26582878, 26584027, 9327055153) (Fax: 079 - 26581296) or at the Share Department of the Company situated at B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009.

27th ANNUAL GENERAL MEETING

Day - Saturday
 Date - 29th September, 2012
 Time - 10.30 a.m.
 Venue - GICEA, Gajjar Hall, Nirman Bhavan,
 Opp. Law Garden, Ellisbridge,
 Ahmedabad - 380 006.

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E-mail for Investor Grievances : shareslogs@vadilalgroup.comWeb : www.vadilalgroup.com • www.vadilalmarkets.com



SHAREHOLDER INFORMATION

- 1. Name of Company :**
Vadilal Enterprises Limited
- 2. Company CIN No. :**
L51100GJ1985PLC007995 (Old Registration No. 04-7995)
- 3. Fixed Deposit Department :**
Fixed Deposit Department of the Company is operated at the following address :
Vadilal House, Shrimali Society,
Near Navrangpura Railway Crossing,
Navrangpura, Ahmedabad - 380 009.
(Phone: 079-26564019 to 24, 30153347) (Fax: 079-26564027)
- 4. Book-Closure :**
Book-Closure from 14th September, 2012 to 29th September, 2012 (both days inclusive) for the purpose of payment of Dividend of Re. 1.20/- per share (@ 12%) for the year ended on 31st March, 2012, as recommended by the Board and if declared at the Meeting and to determine the members eligible for the said dividend.
- 5. Stock Exchange where the Shares are listed :**
BOMBAY STOCK EXCHANGE LTD.
(Security Code No. 519152)
Department of Corporate Services,
1st Floor, Rotunda Building,
Dalal Street, Fort, B. S. Marg
Mumbai - 400 001.
(Phone: 91-22-2272 1234 / 1233)
(Fax : 91-22-2272 2082 / 3132)
The Annual Listing Fees upto the Financial Year –2012-2013 have been duly paid to the above Stock Exchange, including Ahmedabad Stock Exchange Limited.
- 6. Delisting of shares from Ahmedabad Stock Exchange Limited :**
The Equity Shares of the Company were also listed at the Ahmedabad Stock Exchange Limited. However, considering the negligible volume of trading at Ahmedabad Stock Exchange Limited, the Board of Directors has, at its meeting held on 30th May, 2012 approved to voluntarily delist total 862668 Equity Shares of Rs. 10/- each of the Company from the Ahmedabad Stock Exchange Limited. On application of the company the Ahmedabad Stock Exchange Limited has, vide its letter dated 31st July, 2012 approved the delisting of the aforesaid equity shares from the exchange and the said shares has been removed from the list of the exchange w.e.f 31st July, 2012. However, the equity shares of the Company shall continue to be listed at Bombay Stock Exchange Limited, which is having nation wide terminal.
- 7. Security Code :**

Bombay Stock Exchange Ltd.	-	519152
ISIN Number	-	INE693D01018
- 8. Dematerialisation of Shares :**
The Company, consequent to introduction of Depository System (DS), entered into an agreement with NSDL and CDSL and has established an electronic connectivity with both the Depositories. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL and CDSL.
In view of numerous advantages offered by DS, the members are requested to avail the facility of dematerialisation of the Company's shares on the Depository as aforesaid. If you wish to maintain your shareholding in the electronic form by joining DS, you will have to open an account with a Depository Participant (DP), who are agents of NSDL and CDSL and lodge your share certificates with your DP for Dematerialisation. The DP will then ensure that the physical share certificates are canceled and after verification by the Company, an equivalent number of shares will be credited to your account with the DP in the electronic form. You are also permitted under the DS to reconvert your electronic shareholding into the physical form of share certificates by a process of Rematerialisation. It may be noted that the DP would charge the investors for its services, which may vary from one DP to another.
It is reiterated that requests for Dematerialisation and Rematerialisation are to be made only to the DP with whom you have opened an account and not directly to the Company.
- 9. Registrar & Share Transfer Agent :**
The Company has entrusted the work of Dematerialisation/Rematerialisation of shares to an outside Registrar, viz. MCS Ltd., Ahmedabad. As per SEBI Circular No. D&CC/FITTC/CIR-15/ 2002, dated 27-12-2002, the Company has assigned all the work related to Share Registry in terms of both physical and electronic to MCS Ltd., Ahmedabad. Hence, all Shareholders are requested to send/deliver the documents/correspondence including complaints relating to the Company's share transfer/demat/remat activity to MCS Ltd. at 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009. (Phone : 079-26582878, 26584027, 9327055153) (fax : 079-26581296)
- 10. Share Transfer System :**
Presently, share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. Share Transfer Committee of the Board meets at regular intervals to approve transfers, issue of duplicate certificates, consolidation and splitting of shares etc.



As required under Clause 47(c) of Listing Agreement with Stock Exchanges, a certificate is obtained every six months from a Practicing Company Secretary, with regard to, inter alia, effecting transfer, transmission and consolidation within one month of their lodgment. The certificates are forwarded to BSE and ASE, where the equity shares are listed. In terms of SEBI's circular dated 31st December, 2002, a Secretarial Audit is conducted on a quarterly basis by Practicing Company Secretary for the purpose of reconciliation of the total Admitted Equity Share Capital with the Depositories and in the physical form with the total issued public paid-up Equity Capital of the Company. Certificates issued in this regard are forwarded to ASE and BSE, where the Equity Shares are listed.

11. Distribution of Shareholding as on 31st March, 2012 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of total Shares
Up to 500	1623	93.17	216572	25.11
501 to 1000	66	3.79	52701	6.11
1001 to 2000	15	0.86	24344	2.82
2001 to 3000	8	0.46	19272	2.23
3001 to 4000	4	0.23	13790	1.60
4001 to 5000	2	0.12	9261	1.07
5001 to 10000	11	0.63	70546	8.18
10001 to 50000	10	0.57	214867	24.91
50001 & above	3	0.17	241315	27.97
Total	1742	100.00	862668	100.00

12. Categories of Shareholders as on 31st March, 2012 :

Category of Shareholders	No. of Equity Shares held	% of total shares
<u>A : Promoters and Promoters' Group :</u>		
1 Directors	262691	30.45
2 Directors' relatives	59357	6.88
3 HUFs	25284	2.93
4 Group Companies	105407	12.22
5 NRI	429	0.05
Total (A) :	453168	52.53
<u>B : Public :</u>		
1 Bodies Corporate	48095	5.58
2 NRI	10233	1.19
3 HUF	16883	1.96
4 Residential Individual	334289	38.75
Total (B) :	409500	47.47
Total (A) + (B)	862668	100.00

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

The Registrar of Companies, Gujarat, ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad - 380 013. (Phone: 079-27438531, 27437597)

14. Nomination facility :

The Companies (Amendment) Act, 1999 has provided for a facility of nomination in the Shares of a Company. Your Company has already offered the facility of nomination to the members. Individual Shareholders can avail of the facility of nomination and may submit to the Company the prescribed Form 2B at the Share Dept. of the Company. It is advisable to avail of this facility especially by Shareholders who currently hold Shares in single name.

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

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

In case of any assistance, please contact at the Share Dept. of the Company at B/404, 4th Floor, "Time Square" Building, C.G. Road, Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009. Telephone Nos. 079-30153194 and Fax No. 30153191.



NOTICE

NOTICE is hereby given that the **27th ANNUAL GENERAL MEETING** of the members of **VADILAL ENTERPRISES LIMITED** will be held on Saturday, the 29th September, 2012, at 10.30 a.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006, to transact the following business :

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the year ended on 31st March, 2012.
- 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. 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**

RAJESH R. GANDHI
Director

Registered Office:

A/801, 8th Floor,
"Time Square" Building,
C. G. Road, Nr. Lal Bungalow
Char Rasta, Navrangpura,
Ahmedabad - 380 009
Dated: 13th August, 2012.

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 is not required to be attached 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 14th September, 2012 to 29th September, 2012 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended 31st March, 2012, as recommended by the Board and if declared at the meeting.
6. Dividend of ₹1.20/- per share (@ 12.00%) on Equity Shares for the year ended on 31st March, 2012 as recommended by the Board, if declared at the meeting, will be paid without deduction of tax at source:
to those members, whose names appear on the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company/Share Transfer Agent on or before 13th September, 2012, 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, 2012.

7. Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.r.e.f. 31st October, 1998, members holding shares in physical form may file Nomination Forms in respect of their shareholdings. Such members willing to avail of this facility may submit to the Company **at the Share Department** the prescribed Form 2B or write to or contact **at Share Department** of the Company for assistance.

8. Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unclaimed dividend declared upto the Financial Year ended 31st March, 1994 to the General Revenue Account of the Central Government as per Rule 4A of the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders, who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend by an application in Form II of the aforesaid Rules to the Registrar of Companies, Gujarat at ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad - 380013.

However, pursuant to Section 205A of the Act as amended by the Companies (Amendment) Act, 1999 (1st Amendment), which came into effect from 31-10-1998, the Company has already transferred unclaimed dividend declared for the financial year ended on 31st March, 1995, 31st March, 1996, 31st March, 1997 (Interim), 31st March, 1998, 31st March, 1999, 31st March, 2000, 31st March, 2001, 31st March, 2002 and 31st March, 2003 to the Investor Education and Protection Fund established by the Government under Section 205C(1) of the Act.

However, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

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

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

10. Members are requested to bring their copy of Annual Report to the meeting, as copies of Annual Report will not be distributed at the meeting.

11. Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its **Share Department**, at least TEN days before the date of the meeting.

12. Members are requested to intimate immediately the change in their registered address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company **at its Share Department** or to MCS Limited at the address mentioned above in respect of their physical share folios, if any. In case of mailing address mentioned on this Annual Report is without PINCODE, members are requested to kindly inform their PINCODE immediately.

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



DIRECTORS' REPORT

To,
The members,
VADILAL ENTERPRISES LIMITED
Ahmedabad.

Your Directors have pleasure in presenting herewith the 27th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2012.

FINANCIAL RESULTS

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31-03-2012	Year ended 31-03-2011
(a)	Earning before Interest, Tax, Depreciation and Amortization	582.50	532.67
(b)	Finance Cost	101.20	55.54
(c)	Depreciation & Amortization Expense	369.82	350.55
(d)	Profit before Exceptional item and Tax	111.48	126.58
(e)	Exceptional Items	(24.23)	0.00
(f)	Profit before Tax	135.71	126.58
(g)	Tax Expense		
	— Current Tax	61.40	85.50
	— Deferred Tax	(23.37)	(34.72)
	— Income Tax written off / (written back)	2.04	(7.12)
	Total Tax:	40.07	43.66
(h)	Profit for the year	95.64	82.92
(i)	Surplus in the statement of Profit & Loss:		
	Balance brought forward from the last year	74.19	68.30
	Add : Profit after tax for the year	95.64	82.92
	Less : Appropriation		
	— Proposed Equity Dividend (amount per share ₹1.20)	10.35	10.35
	— Tax on proposed Equity Dividend	1.68	1.68
	— Transfer to General Reserve	81.66	65.00
	Net Surplus in the statement of Profit and Loss:	76.14	74.19

TURNOVER & PROFITS

In spite of stiff competition in the market particularly in Ice-Cream business during the year under review, your Company has earned revenue from operations (Net) of ₹ 29377.31 lacs as compared to revenue from operations (Net) of ₹24512.32 lacs earned during the previous year ended on 31st March, 2011.

Your Company has earned the earnings before interest, tax, depreciation and amortization of ₹582.50 lacs as compared to ₹ 532.67 lacs earned during the previous year ended on 31st March, 2011. Your Company has earned the profit of ₹ 95.64 lacs during the year under review as compared to profit of ₹82.92 lacs earned during the previous year ended on 31st March, 2011.

DIVIDEND:

The Directors have recommended dividend of ₹1.20/- per share (@12.00%) on 8,62,668 Equity Shares of ₹ 10/- each of the Company for the financial year ended on 31st March, 2012 as compared to 12.00% dividend declared in the previous financial year ended on 31st March, 2011. This will absorb ₹10.35 lacs. The corporate dividend tax payable by the Company on the said dividend will be ₹1.68 lacs.

If approved, the dividend will be paid without deduction of tax at source to those shareholders whose names appear in the Register of Members of the Company as on 13th September, 2012.

OPERATIONS - MARKETING FOCUS:

ICE-CREAM DIVISION:

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

India is the largest milk producer in the world with an estimated annual production of more than 100 million tons of ice-creams per year. Considering Indian economy's quantum growth in recent years, ice-cream market is also zooming at new



horizons. Total Indian Market size is estimated approx. ₹2500 crores, with the organized sector market estimated at ₹2000 crores. 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 parlors' concept is also getting tremendous response.

The industry structure and ongoing transformation offers opportunities for organized players to invest and grow. Vadilal Ice-cream division has shown a sustainable annual growth consistently.

The Company has undertaken an aggressive campaign on all fronts to increase the over-all market share as well as capture a larger pie of the premium ice-cream market. New mega brands, installation of latest state-of-the-art machines, aggressive advertising and significant expansion in production facilities will combine to make the Company an even stronger force to reckon with in the domestic ice-cream market.

After a lot of research and strategic thinking, the company embarked on the journey to create a completely new range of products to delight its most important consumer segment : KIDS. Vadilal has launched a myriad range of products in delightful shapes, colors and flavors under the umbrella brand of 'Ice Trooper'.

In terms of ice cream scoops, Vadilal recently launched flavours like Praline N Creme, Golden Ribbon, Silk Chocolate, Kiwi Queen, Chocolate Peanut, Pina Lemon and Mango Marvel to give Indian consumers a feel of the international ice cream eating experience. Golden Ribbon, Silk Chocolate and Praline N Creme are also available in the Gourmet tub range. In take-home category, the company recently introduced 2 litre party packs to cater to the bulk demand with regard to the home consumption category.

The company has been dominating market because of its strong brand identity, good product quality, timely supply and extensive reach. A major success factor has been its ability to cater to different market segments through multiple product ranges.

AWARDS WON BY VADILAL YEAR BY YEAR:

Vadilal has won 22 awards over last 3 consecutive years at 'The Great Indian Ice Cream Contest' organised by the Indian Dairy Association. Like past 2 years, in 2010 also awards galore for Vadilal Ice-creams with 8 awards by esteemed IDA. Various categories for awards were: **The Best in Class (3)**: Chocolate Frozen Dessert, Standard Chocolate Ice Cream, Rose Coconut Shell (Innovation – Novelty) **Gold Medal (4)** : Standard Chocolate Ice Cream, Chocolate Frozen Dessert, Vanilla Frozen Dessert and Rose Coconut Shell (Innovation – Novelty), **Bronze Medal (1)** Natural Orange (Premium without Inclusion).

FUTURE STRATEGY:

The Company primarily focuses on increasing the ice cream consumption by continuously offering novel products at affordable rates. The Company is committed in eliminating the barriers for availability of ice cream with focused distribution & franchising new Happinezz parlors across India.

For that purpose, the Company will continue with its market expansion and penetration plans. The Company will be consolidating its strong foothold in the market by reaching out to new territories as well as increasing the retail density as well. The addition of imported extrusion machines has created the Company's stronger hold in market.

The company has a very strong distribution network of Retailers, Stock Keeping Units, Distributors, C&F Agents and Vehicles, for delivery of ice-creams. The company plans to focus more on the exclusive ice-cream boutiques "Happinezz Parlors". Here, the Company achieved good success with various formats of Shops, Open & Close Kiosks. Through the kiosk format the Company plans to increase Happinezz presence strongly in modern retail. Also, the Company plans to continue with the strategy of doubling the number of Happinezz parlors year on year.

The overall vision of the company is 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, the Company has launched mega brand Ice Trooper. Last years Vadilal made a strong foray into the premium and youth segment. This year, the company strengthened its presence among most important consumer segment: kids. In future, the Company wants to consolidate the same with more variants and flavors.

Processed Food Division – Domestic:

The year 2011-2012 was another successful year for the company's processed food division – domestic. The division has established its existence in new territories like Uttar Pradesh & Chhattisgarh. The division has also introduced new products like Frozen Spring Roll, Wraps, and Garlic Clove. The division is also keen to establish itself well in other territories of India.

By appointing many new distributors, Vadilal has extended its market reach with its strong supply chain network. Moreover, this year Vadilal aggressively entered into many big format Modern Trade stores to showcase presence at every hyper, super markets and cash & carry stores.

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

Transfer of Forex Advisory Division :

The Forex Advisory Division of the Company, comprising Forex Advisory and Exposure Management Services, LME Based Metal and Bullion Advisory Services, was transferred, on a going concern basis, by way of slump sale, alongwith all its



Assets, Liabilities, Employees and others, to Vadilal Forex and Consultancy Services Limited (formerly known as Vadilal Happiness Parlour Limited), w.e.f. 1st April, 2012.

The proposal for the aforesaid transfer of the Forex Advisory Division of the Company, was approved by the shareholders of the Company, by passing an Ordinary Resolution under Section 293(1)(a) read with Section 192A of the Companies Act, 1956, on 14th October, 2011, by way of a Postal Ballot process pursuant to the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

For this purpose, a Deed of Assignment for transferring the aforesaid Forex Advisory Division of the Company has been duly executed between the Company and Vadilal Forex and Consultancy Services Limited, on 31st March, 2012.

FINANCE :

During the year under review, the Company has availed Short Term Loan of ₹ 3.00 Crores from Bank of India, Ahmedabad Mid Corporate Branch, for the purpose of purchase of Deep Freeze Machines, Freezer on Wheels etc. The Company is already availing Working Capital facilities and Term Loan from Bank of India.

In terms of the provisions of Investor Education and Protection Fund Rules, 2001 (IEPF), the Company has transferred the unclaimed interest on Fixed Deposit of ₹ 452/- for the financial year ended on 31st March, 2005 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 ₹8.29 lacs as on 31st March, 2012. Out of the said unclaimed deposits, as on date of this report, the deposits aggregating ₹ 0.09 lacs thereof have been claimed and either paid or renewed. The Company has accepted fixed deposits of ₹ 76.06 lacs from the Public and ₹ 3.25 lacs from the Shareholders during the year – 2011-2012, 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 31st March, 2012 stood at ₹ 117.21 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, 2012 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, 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 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, 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. The company's shares were also listed at the Ahmedabad Stock Exchange Ltd. till 30th July, 2012.

The Company confirms that it has paid Annual Listing Fees due to the above Stock Exchanges upto the Financial Year – 2012-2013.

DELISTING AT AHMEDBAD STOCK EXCHANGE LTD.

Considering the negligible volume of trading at Ahmedabad Stock Exchange Limited, the Board of Directors has, at its meeting held on 30th May, 2012 approved to voluntarily delist total 862668 Equity Shares of ₹ 10/- each of the Company



from the Ahmedabad Stock Exchange Limited. On application of the Company the Ahmedabad Stock Exchange Limited has, vide its letter dated 31st July, 2012 approved the delisting of the aforesaid equity shares from the exchange and the said shares has been removed from the list of the exchange w.e.f 31st July, 2012. However, the equity shares of the Company shall continue to be listed at Bombay Stock Exchange Limited, which is having nation wide terminal.

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 Foreign Exchange Earnings during the year under review. However, there was Foreign Exchange outgo of ₹ 2.86 lacs during the year under review.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rajesh 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.

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 ₹ 60,00,000/- p.a. or ₹ 5,00,000/- p.m. during the year under review.

AUDITORS

M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad (Registration No. 104744W) 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.

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

RAJESH R. GANDHI
Director

DEVANSHU L. GANDHI
Director

Date : 13th August, 2012
Place : Ahmedabad



AUDITORS' REPORT

The Members of
Vadilal Enterprises Limited
Ahmedabad.

1. We have audited the attached balance sheet of **Vadilal Enterprises Limited** as at **March 31, 2012**, Statement of profit & loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, statement of profit & loss 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 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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, 2012;
 - (b) in the case of the statement of profit & loss, 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

Membership No.: 44922

Place : Ahmedabad
Date : May 30, 2012

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF VADILAL ENTERPRISES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

- (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 Deep freeze machines, push carts and freezer on wheels lying with third parties we are informed that the company has formulated a programme of physical verification of these assets over a period of three years. In majority cases deep freeze machines and pushcarts were verified during the financial year 2009-10 and in majority cases freezer on wheels were verified during the year. Acrylic boards and other assets viz. furniture & office equipments are not verified during the year. As explained to us, no material discrepancies were noticed in case of freezer on wheels on the physical verification.
 - [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.
 - [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 are reasonable and adequate in relation to the size of the company and the nature of its business.
 - [c] In our opinion and according to explanations given to us, the company has maintained proper records of inventories and the discrepancies noticed on such physical verification between physical stock and book records have been adequately dealt with in the books of accounts
- (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 and hence the question of internal control system in respect of purchases of goods traded in does not arise.. 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 and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.

[b] The transactions for purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5 lakhs or more in respect of each party, according to the information and explanations given to us, in respect of main trading item viz. ice-cream, mango pulp, mango ras, frozen vegetables the purchases are made at agreed terms and conditions and hence the question of reasonableness of the purchase price paid to the supplying firm does not arise. Other purchases are made with reference to prevailing market prices at the relevant time for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58 A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public.

We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.

(vii) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.

(viii) As the company is a trading company, Paragraph 4(viii) is not applicable.

(ix) In respect of statutory dues:

[a] According to the records of the company, undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable to the company have generally been regularly deposited by the company with the appropriate authorities.

[b] According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31st March, 2012 for the period of more than six months from the date they become payable.

[c] The details of disputed statutory dues on March 31, 2012 that have not been deposited by the Company are as under:

Sr. No	Dispute Under	Amt. (Net of deposit) (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
(i)	Sales Tax Act	19.45	2008-09	D.Comm(Appeals)
		2.97	2010-11	Joint commissioner (A)
		0.03	2007-08	Joint commissioner (A)
(ii)	Income Tax Act 1961	12.24	2007-08	ITAT
		4.70	2008-09	ITAT

(x) The company has no accumulated losses as at March 31, 2012. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company has not obtained any borrowings from financial institution or by way of debentures.

(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The company has given guarantee for loans taken by others from banks or financial institutions. In our opinion and based on the information and explanations given to us, the terms and conditions are considered not prima facie prejudicial to the interest of the company.

(xiv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans raised during the year were *prima facie* been used for the purpose for which they were raised. The term loans outstanding at the beginning of the year were applied for the purpose for which they were obtained.

(xv) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

(xvi) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xvii) According to information and explanations given to us, the company has not issued any debentures during the year.

(xviii) The company has not raised any money by way of public issue during the year.

(xix) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

(xx) In our opinion and according to the information and explanations given to us, the nature of the company's business/activities during the year are such that paragraphs

4(xiii) provisions of any special statute applicable to chit fund;

4(xiv) dealing or trading in shares, securities, debentures and other investments of Company (Auditor's Reports) Order, 2003 are not applicable to the company.

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

Mayank S. Shah
Partner

Membership No.: 44922

Place : Ahmedabad
Date : May 30, 2012



BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTES	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
I EQUITY & LIABILITIES			
1) SHAREHOLDER'S FUNDS :			
a) Share Capital	2	86.26	86.26
b) Reserves & Surplus	3	439.72	356.11
Sub Total		525.98	442.37
2) NON-CURRENT LIABILITIES			
a) Long-term borrowings	4	260.59	188.08
3) CURRENT LIABILITIES			
a) Short-term borrowings	5	377.36	182.13
b) Trade Payables	6	6,929.69	4,208.24
c) Other current liabilities	7	2,787.16	2,234.13
d) Short-term provisions	8	75.91	79.68
Sub Total		10,170.12	6,704.18
Total :-		10,956.69	7,334.63
II ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets			
Tangible Assets	9	1,836.77	1,434.17
Non-current Investments	10	4.48	4.48
Deferred tax assets (Net)	11	105.14	81.77
Long-term loans and advances	12	890.82	868.09
Other Non-Current Assets	13	0.30	0.30
Sub Total		2,837.51	2,388.81
2) CURRENT ASSETS			
a) Inventories	14	544.27	376.08
b) Trade Receivables	15	2,588.79	1,657.27
c) Cash & bank balances	16	75.40	38.17
d) Short-term loans & advances	17	4,754.75	2,801.50
e) Other current assets	18	155.97	72.80
Sub Total		8,119.18	4,945.82
Total :-		10,956.69	7,334.63
Summary of significant accounting policies	1		
The accompanying notes are integral part of the financial statements.			

As per our report of even date.

For and on behalf of the Board of Directors of Vadilal Enterprises Ltd.

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

Ramchandra R. Gandhi - Chairman & Managing Director
Jayantilal M. Shah - Director
Ruchita Gurjar - Company Secretary

Mayank S. Shah
Partner
Membership No.: 44922
Place: Ahmedabad
Date : 30th May, 2012

Place: Ahmedabad
Date : 30th May, 2012



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

			YEAR ENDED 31.03.2012 (₹ in Lacs)	YEAR ENDED 31.03.2011 (₹ in Lacs)
	NOTES			
	Income			
I	Revenue from Operation (net) 19		29,377.31	24,512.32
II	Other Income 20		254.56	124.74
III	Total Revenue (I+ II)		29,631.87	24,637.06
	IV Expenses			
	Purchase of traded goods 21		25,058.61	20,799.62
	(Increase) / decrease in traded goods 22		(352.50)	(243.42)
	Employee benefit expense 23		1,004.31	856.63
	Other Expenses 24		3,338.95	2,691.56
	Total (IV)		29,049.37	24,104.39
V	Earning before interest,tax,depreciation & amortization (III-IV)		582.50	532.67
VI	Finance Cost 25		101.20	55.54
VII	Depreciation & Amortization Expense 9		369.82	350.55
VIII	Profit Before Exceptional Item & Tax (V-VI-VII)		111.48	126.58
IX	Exceptional Items 26		(24.23)	0.00
X	Profit Before Tax (VIII-IX)		135.71	126.58
XI	Tax Expense [Refer Note No.1-I]			
	- Current Tax		61.40	85.50
	- Deferred Tax		(23.37)	(34.72)
	- Income Tax Written-off /(Written back)		2.04	(7.12)
	Total (XI)		40.07	43.66
XII	Profit for the year (X-XI)		95.64	82.92
	Earning per equity share [Nominal value of share ₹ 10) Basic & Diluted	28.5	11.08	9.61
	(Computed on the basis of total profit for the year)			
	Summary of significant accounting policies 1			
	The accompanying notes are integral part of the financial statements.			

As per our report of even date.

For and on behalf of the Board of Directors of Vadilal Enterprises Ltd.

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

Ramchandra R. Gandhi
Jayantilal M. Shah
Ruchita Gurjar

- Chairman & Managing Director
- Director
- Company Secretary

Mayank S. Shah
Partner
Membership No.: 44922
Place: Ahmedabad
Date : 30th May, 2012

Place: Ahmedabad
Date : 30th May, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Ended on 31.03.2012 (₹ in Lacs)	Ended on 31.03.2011 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax from continuing operations	135.71	126.58
Non-cash Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	369.82	350.55
(Profit)/Loss on Sale of Fixed Assets	(4.64)	(0.34)
Provisions for doubtful advance/debtors	25.89	9.75
Bad Advances written off	1.76	18.10
Fixed Assets written off	8.00	0.00
Dividend Income	(0.08)	(0.07)
Interest Income	(158.79)	(83.28)
Interest Expenses	101.20	55.54
Excess Provision Written Back	(72.70)	(24.18)
Operating profit before working capital changes	406.17	452.65
Movements in working capital :		
Increase/(decrease) in trade payables	2,793.03	347.47
Increase/(decrease) in short-term provisions	9.19	(2.38)
Increase/(decrease) in other current liabilities	591.30	284.63
Decrease/(increase) in trade receivables	(954.63)	(324.05)
Decrease/(increase) in inventories	(168.19)	(220.72)
Decrease/(increase) in long-term loans and advances	(26.37)	10.92
Decrease/(increase) in short-term loans and advances	(1,953.25)	(78.73)
Cash Generated from/(used in) operations	697.25	469.79
Direct taxes paid (net of refunds)	(76.17)	(160.77)
Net cash flow from/(used in) operating activities (A)	621.08	309.02
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(786.17)	(463.97)
Proceeds from sale of fixed assets	10.39	1.04
Investments in bank deposits (having original maturity of more than three months)	(40.08)	(6.08)
Redemption/maturity of bank deposits (having original maturity of more than three months)	6.08	4.00
Interest received	75.62	78.62
Dividend received	0.08	0.07
Net cash flow from/(used in) investing activities (B)	(734.08)	(386.32)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	149.11	212.53
Repayment of long term borrowings	(120.75)	68.76
Proceeds from short-term borrowings	195.23	(156.08)
Interest paid	(95.73)	(55.43)
Dividend paid	(9.95)	(10.09)
Tax on equity dividend paid	(1.68)	(1.72)
Net cash flow from/(used in) in financing activities (C)	116.23	57.97
Net increase / (Decrease) in cash equivalents(A+B+C)	3.23	(19.33)
Net Cash equivalents as at 01.4.2011(Opening Balance)	31.32	50.65
TOTAL - >	34.55	31.32
Major Components of Cash and Cash Equivalents as at	31.03.2012	31.03.2011
Cash on hand	4.46	6.18
Balance With Banks - On Current Accounts	30.09	25.14
	34.55	31.32

Notes : 1) The above cash flow has been prepared under Indirect Method set out in AS 3, issued by The Institute of Chartered Accountants of India.
2) Previous years figures have been restated wherever necessary to make them comparable with current year figures.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board of Directors of Vadial Enterprises Ltd.

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

Ramchandra R. Gandhi - Chairman & Managing Director
Jayantilal M. Shah - Director
Ruchita Gurjar - Company Secretary

Mayank S. Shah
Partner
Membership No.: 44922
Place: Ahmedabad
Date : 30th May, 2012

Place: Ahmedabad
Date : 30th May, 2012



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Note : 2		
Share Capital :		
Authorised :		
20,00,000 (P.Y 20,00,000) Equity Shares of ₹10/-each	200.00	200.00
Issued & Subscribed :		
8,70,148 (P.Y.8,70,148) Equity Shares of ₹ 10/- each	87.01	87.01
Paid Up :		
8,62,668 (P.Y.8,62,668) Equity Shares of ₹ 10/- each	86.26	86.26
	86.26	86.26

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31.03.2012		31.03.2011	
	No.	₹ in Lacs	No.	₹ in Lacs
Equity Shares				
At the beginning of the year	862,668	86.26	862,668	86.26
Outstanding at the end of the year	862,668	86.26	862,668	86.26

Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The company declares & pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General meeting.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹1.2 (P.Y.₹ 1.2)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be distributed in the number of equity shares held by the shareholders.

The company does not have any holding company.

The company has not issued any bonus shares, or shares for consideration other than cash or bought back equity shares during the year or for the period of five years immediately preceding the date of balance sheet.

Details of shareholders holding more than 5 % shares in the company.

	31.03.2012			31.03.2011		
	No.	₹ in Lacs	%Holding in the class	No.	₹ in Lacs	%Holding in the class
Equity Shares of ₹ 10 each fully paid						
1 Devanshu Laxmanbhai Gandhi	108,886	1,088,860	12.62	105,810	1,058,100	12.27
2 Rajesh Ramchandra Gandhi	78,408	784,080	9.09	74,478	744,780	8.63
3 Virendra Ramchandra Gandhi	72,297	722,970	8.38	68,456	684,560	7.94
4 Vortex Ice-cream Pvt. Ltd.	43,308	433,080	5.02	43,308	433,080	5.02
5 Vadilal Marketing Pvt. Ltd.	43,299	432,990	5.02	43,299	432,990	5.02

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
	Note : 3	
Reserves & Surplus:		
Capital Reserve		
Balance as per last financial statement	0.37	0.37
Securities Premium Account		
Balance as per last financial statement	93.21	93.21
General Reserve		
Balance as per last financial statement	188.34	123.34
Add : Amount transferred from surplus balance in the statement of profit & loss	81.66	65.00
	270.00	188.34



	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Surplus in the statement of profit & loss		
Balance brought forward from the last year	74.19	68.30
Add: Profit After Tax for the year	95.64	82.92
Less: <u>Appropriation</u>		
Proposed Equity Dividend (amount per share ₹ 1.2, P.Y. ₹ 1.2)	10.35	10.35
Tax on Proposed Equity Dividend	1.68	1.68
Transfer to General Reserve	81.66	65.00
	76.14	74.19
TOTAL ->	439.72	356.11

Note: 4

	Non-current portion		Current maturities	
	31.03.2012 ₹ in lacs	31.03.2011 ₹ in lacs	31.03.2012 ₹ in lacs	31.03.2011 ₹ in lacs
Long Term Borrowings				
[A] Term Loans:				
From Banks: (Secured)	224.43	157.50	117.56	184.71
	224.43	157.50	117.56	184.71
Less:- Amount disclosed under the head other current liabilities" (Refer Note No. 7)	0.00	0.00	117.56	184.71
Net Amount [A]	224.43	157.50	0.00	0.00
[B] Other Loans & Advances :				
Finance Lease Obligations (Secured)	0.00	0.00	22.18	0.00
Less :- Amount disclosed under the head other current liabilities (Refer Note No. 7)	0.00	0.00	22.18	0.00
Net Amount [B]	0.00	0.00	0.00	0.00
[C] Fixed Deposits from Public: (Unsecured)	36.16	30.58	15.73	14.90
Less:- Amount disclosed under the head other current liabilities (Refer Note No. 7)	0.00	0.00	15.73	14.90
Net Amount [C]	36.16	30.58	0.00	0.00
TOTAL [A+B+C]	260.59	188.08	0.00	0.00

Note : Repayment schedule of Loan

Name of the Bank	Original Loan amount ₹ in Lacs	Outstanding Balance		Rate of interest	Remaining no. of Installments
		31.03.2012 ₹ in Lacs	31.03.2011 ₹ in Lacs		
1) Bank of India (Refer Note No.i)	350.00	285.87	165.51	15.00%	49 of Rs.5.83 Lacs & 1 of Rs.0.20 Lacs
Bank of India (Refer Note No.i)	200.00	47.13	137.61	15.00%	14 of Rs.3.33 Lacs & 1 of Rs.0.46 Lacs
2) Car Loan (Refer Note No. ii)					
a) H.D.F.C Bank Limited	11.60	2.36	4.94	12.00%	10 EMI of Rs. 0.25 Lacs each *
H.D.F.C Bank Limited	7.00	1.70	1.53	12.00%	12 EMI of Rs. 0.15 Lacs each *
H.D.F.C Bank Limited	4.89	1.90	2.92	12.00%	19 EMI of Rs. 0.11 Lacs each *
H.D.F.C Bank Limited	0.00	0.00	24.53	NIL	
H.D.F.C Bank Limited	24.17	22.18	0.00	12.00%	12 EMI of Rs. 1.99 Lacs each *
b) Axis Bank Limited	10.00	3.03	5.17	10.85%	14 EMI of Rs.0.21 lacs each *
		364.17	342.21		

* Each EMI includes interest portion also.

(i) (Secured on 1st charge by hypothecation on movable assets of the company such as Deep Freeze Machines, Refrigerator Vehicles, FOW, Push Carts, Tricycles etc. and also secured on 2nd charge by hypothecation on current assets of the company namely; stock such as Ice-Cream, Mango Pulp, Mango Juice, Frozen Fruits & Vegetables etc.) (Also Secured by Equitable Mortgage by simple deposit of Title Deeds in respect of immovable property of the company i.e. First Floor of Vadilal House situated at Shrimali Soc., Navrangpura, Ahmedabad) (Guaranteed by some of the Directors and a Group Company)

(ii) Car loans are secured against hypothecation of specific vehicles of the Company.



	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Note: 5		
Short Term Borrowings		
Loans repayable on demand from bank :		
Cash Credit :- (Secured)		
Bank of India	320.33	138.12
(Secured on 2nd charge by hypothecation on movable assets of the Company such as Deep Freeze Machine, Refrigerator Vehicles, FOW, Push Carts, Tricycles etc. and also secured by 1st charge by hypothecation on current assets of the company namely; stocks such as Milk, Sugar, Ice-Cream, Mango Pulp, Mango Juice, Frozen Fruits and Vegetables etc.)		
(Also Secured by Equitable Mortgage by simple deposit of Title Deeds in respect of immovable property of the Company i.e. First Floor of Vadilal House situated at Shrimali Society, Navrangpura, Ahmedabad.)		
(Guaranteed by some of the Directors and a Group company)		
The cash credit is repayable on demand and carries interest @14% p.a.		
Fixed Deposits from Public (Unsecured)	57.03	44.01
TOTAL ->	377.36	182.13
Note : 6		
Trade Payables		
Trade payables (Refer Note No.27.3 & 28.2)	6,929.69	4,208.24
TOTAL ->	6,929.69	4,208.24
Note : 7		
Other Current Liabilities:		
(a) Security Deposits from Dealers/Distributors (Interest Free)	2,169.51	1,685.99
(b) Current maturities of long-term borrowings (Refer Note No.4)	155.47	199.61
(c) Interest accrued but not due on borrowings	5.77	5.89
(d) Interest accrued and due on borrowings	7.34	1.75
(e) Advance received from customers	126.61	151.59
(f) Unclaimed Dividend (Not due for transfer to Investor Education & Protection Fund)	1.68	1.28
(g) Unpaid Matured deposits & interest accrued thereon	8.59	1.40
(h) Creditors for Capital Goods	18.42	0.00
(i) Other payables	50.58	23.04
(j) Statutory Dues	87.15	57.55
(k) Temporary overdraft in current a/c with Banks	156.04	106.03
TOTAL - >	2,787.16	2,234.13
Note 8 : Short Term Provisions		
Provision for employee benefits:		
Provision for Gratuity (Refer Note No.28.1)	21.16	17.27
Provision for Compensated Absences	40.73	35.43
Others:		
Provision for Income-Tax (Net of Advance Tax)	1.99	14.95
Proposed Dividend	10.35	10.35
Dividend Tax on Proposed Dividend	1.68	1.68
	75.91	79.68



Note 9 : Fixed Assets (Refer Note No.1-D)

Tangible Assets

₹ in Lacs

	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As on 01.04.11	Addi- tion	Deduc- tion	As on 31.03.12	Up to 01.04.11	For the year	Deduc- tion	Upto 31.03.12	As on 31.03.12	As on 31.03.11
Building	55.92	0.19	0.00	56.11	22.32	6.82	0.00	29.14	26.97	33.60
Plant & Machinery	3,640.00	763.00	214.33	4,188.67	2,327.00	346.79	204.08	2,469.71	1,718.96	1,313.00
Office Equipments	24.98	2.29	0.18	27.09	15.10	1.99	0.05	17.04	10.05	9.88
Furniture & Fixtures	19.06	14.42	0.00	33.48	16.66	1.54	0.00	18.20	15.28	2.40
Vehicles	226.27	6.27	30.46	202.08	150.98	12.68	27.09	136.57	65.51	75.29
Total.....	3,966.23	786.17	244.97	4,507.43	2,532.06	369.82	231.22	2,670.66	1,836.77	1,434.17
Previous Year	3,623.40	463.97	121.14	3,966.23	2,301.95	350.55	120.44	2,532.06	1,434.17	

- [1] Vehicle includes vehicles taken on hire purchase:
Gross Block ₹41.29/- lacs (P.Y. ₹41.29/- lacs)
Accumulated Depreciation ₹ 15.48/- lacs (P.Y. ₹ 11.55/- lacs)
Net Carrying Amount ₹25.81 /- lacs (P.Y. ₹ 29.74/- lacs)
- [2] Vehicles includes Vehicles amounting to ₹ 35.39/- Lacs (P.Y. Rs.35.39 /-lacs) which are held in the Name of Directors of the company.
- [3] Gross Block of ₹ 4507.43/- lacs (P.Y. ₹ 3966.23/- lacs) and Depreciation up to 31-03-12 of ₹2670.66/- lacs (P.Y. ₹ 2532.06/-lacs) include amount of ₹920.48/- lacs (P.Y. ₹ 798.05/- lacs) which represents Fixed Assets fully depreciated and Net Block value of respective fixed assets is ₹ NIL (P.Y. ₹ NIL).
- [4] Plant & Machinery includes Deep Freeze Machine & Freezers on Wheels given on operating lease.
Gross Block ₹ 268.71/- lacs (P.Y. ₹ NIL)
Accumulated Depreciation ₹ 17.85/- lacs (P.Y. ₹ NIL)
Net Carrying Amount ₹ 250.86/- lacs (P.Y. ₹ NIL)

	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Note : 10		
Non Current Investments :(Refer Note No.1-E)		
Non-trade Investment (Valued at cost unless stated otherwise)		
(A) Investments in Quoted Equity Instruments		
In Equity shares of ₹10/- each fully paid up :-		
2000 (P.Y.2000)Gujarat Narmada Knitwear Ltd.	0.20	0.20
400 (P.Y.400) Aminex Chemicals Ltd.	0.04	0.04
	0.24	0.24
Less :-Diminution in Value of Investments	0.24	0.24
	0.00	0.00
(B) Investments in Unquoted Equity Instruments		
(i) In Equity shares of ₹10/- each fully paid up :-		
70000(P.Y.70000) Vadilal Forex & Consultancy Services Ltd.	7.00	7.00
(Formerly known as Vadilal Hapinezz Parlour Ltd.)		
115200(P.Y.115200) Majestic Farm House Ltd	11.52	11.52
(ii) In Equity shares of ₹ 25/- each fully paid up :-		
2450(P.Y. 2450) Textile Traders Co-op.Bank Ltd	0.61	0.61
40(P.Y.40) Siddhi Co-op Bank Ltd	0.01	0.01
	19.14	19.14
Less :-Provision for other than temporary Diminution in Value	14.66	
	4.48	4.48
TOTAL - >	4.48	4.48



	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Aggregate Value of -		
a. Quoted Investments		
Book Value	0.24	0.24
Market Value	Not available	
b. Unquoted Investments		
Book Value	19.14	19.14
c. Provision for Diminution in value of investments	14.90	14.90
Note : 11		
Deferred Tax Assets		
Difference between Book & Income Tax Depreciation	64.31	55.83
Expenditure disallowable u/s 43 B	30.74	22.70
Provision for doubtful debt	10.09	3.24
	105.14	81.77
Note : 12		
Long Term Loans & advances		
Capital Advances	22.78	18.52
Trade/Security Deposits (Refer Note No.28.2)	809.37	810.95
Deposit with Government Authority	24.59	11.68
Loan to Others	6.00	7.12
Staff Loan	4.83	6.78
Advance Payment of Tax Less Provision (Current tax)	14.14	14.27
Advance recoverable in Cash or in kind or for value to be received	26.93	13.17
	908.64	882.49
Less: Provision for Doubtful Advances	17.82	14.40
	890.82	868.09
Of the above Loans & Advances		
a) Fully Secured	0.00	0.00
b) Unsecured Considered Good	890.82	868.09
c) Considered Irrecoverable	17.82	14.40
	908.64	882.49
Note : 13		
Other Non Current Assets		
Bank Deposit with original maturity for more than 12 months lying with third parties	0.30	0.30
	0.30	0.30
Note : 14		
Inventories (Valued at lower of cost & net realizable value)		
Traded goods (Refer Note No.1-F &22)	431.14	284.15
Machinery Parts	113.13	91.93
TOTAL - >	544.27	376.08
Note : 15		
Trade Receivables :		
Outstanding for a period exceeding six months from the date they are due for payment	534.67	355.57
Less: Provision for doubtful debt	31.10	9.75
TOTAL - > (A)	503.57	345.82
Of the above Debt		
- Secured, considered good	324.63	262.95
- Unsecured, considered good	178.94	82.87
- Doubtful	31.10	9.75
	534.67	355.57



	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Other Trade Receivables	2,085.22	1,311.45
Less: Provision for doubtful debt	0.00	0.00
TOTAL - >	2,085.22	1,311.45
Of the above Debt		
- Secured, considered good	445.67	315.94
- Unsecured, considered good	1,639.55	995.51
- Doubtful	0.00	0.00
TOTAL - >	2,085.22	1,311.45
TOTAL - >	2,588.79	1,657.27
Note : 16 Cash and Bank Balances		
Cash & cash equivalents :-		
Cash on hand	4.46	6.18
Bank Balance in Current Accounts	28.36	23.81
Unpaid Dividend Accounts	1.73	1.33
TOTAL - >	34.55	31.32
Other Bank Balances:-		
Deposit with original maturity for more than 3 months but less than 12 months [Fixed Deposits of ₹ 35.56/- Lacs (P.Y. ₹ 0.72/-Lacs) are pledged with Scheduled Banks]	40.08	6.08
Margin Money Deposit	0.77	0.77
TOTAL - >	40.85	6.85
TOTAL - >	75.40	38.17
Note : 17		
Short Term Loans & Advances		
Loans & Advances to related parties (Unsecured) (Refer Note No.28.2)	4.20	0.00
Others	4,745.59	2,793.74
Current Maturities from Staff Loan	4.96	7.76
TOTAL - >	4,754.75	2,801.50
Note : 18		
Other Current Assets		
Interest Receivable	155.97	72.80
TOTAL - >	155.97	72.80
Note : 19		
Revenue from operations: (Refer Note No.1-C)		
Sales of Products	30,308.35	25,631.50
Less: Sales Comm., Trade Discount, Scheme Discount, Damages etc.	1,143.41	1,323.19
TOTAL - >	29,164.94	24,308.31
Sale of Services	148.79	135.56
TOTAL - >	29,313.73	24,443.87
Other Operating Income:		
Sale of Scrap	15.39	9.15
Commission Income	26.44	42.24
Promotional Charges Recovered	5.20	0.00
Rent Income (Machine)	16.55	17.06
TOTAL - >	63.58	68.45
GRAND TOTAL - >	29,377.31	24,512.32



	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Details of products sold		
Traded Goods Sold		
Ice-cream/Frozen Dessert	28,088.95	23,295.69
Mango Pulp & Ras	433.22	360.45
Frozen vegetables	583.65	621.87
Others	59.12	30.30
	<u>29,164.94</u>	<u>24,308.31</u>
Details of services rendered		
Service Charge Income	17.00	16.15
Forex Advisory Fees	131.79	119.41
TOTAL - >	<u>148.79</u>	<u>135.56</u>
Note : 20		
Other Income:		
Interest Income	158.79	83.28
Dividend Income on Long Term Investments(Gross)	0.08	0.07
Profit on Sale of Fixed Assets (Net)	4.64	0.34
Excess Provision /Credit Balance/Deposit Written Back	72.70	24.18
Miscellaneous Income	18.35	16.87
TOTAL - >	<u>254.56</u>	<u>124.74</u>
Note : 21		
Purchase of traded goods :		
Purchases	25,379.93	21,085.93
Less: Machines capitalized during the year	321.32	286.31
TOTAL - >	<u>25,058.61</u>	<u>20,799.62</u>
Details of Purchase of Traded Goods		
Ice Cream/ Frozen Desserts	23,717.46	19,655.73
Machines	676.37	541.48
Mango Pulp & Ras	414.67	378.31
Frozen Vegetables	518.84	476.06
Other Purchase	52.59	34.35
	<u>25,379.93</u>	<u>21,085.93</u>
Note : 22		
(Increase)/Decrease in Traded Goods		
Inventories at the end of the year		
Traded goods	431.14	284.15
Inventories at the beginning of the year		
Traded goods	284.15	93.74
Less: Capitalised Machines during the year	205.51	53.01
	<u>78.64</u>	<u>40.73</u>
TOTAL - >	<u>(352.50)</u>	<u>(243.42)</u>
Details of Inventory		
Ice Cream / Frozen Desserts	14.54	14.67
Machines	415.36	268.54
Other	1.24	0.94
	<u>431.14</u>	<u>284.15</u>
Note : 23		
Employee Benefit Expense :		
Salaries & Wages	917.79	790.64
Contribution to Provident & Other Funds (Refer Note No.28.1)	71.48	57.19
Staff Welfare Expense	15.04	8.80
TOTAL - >	<u>1,004.31</u>	<u>856.63</u>



(₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)	AS AT 31.03.2011 (₹ in Lacs)
Note : 24		
Other Expense		
Advertisement,Sales Promotion & Publicity Expenses	1,278.62	947.51
Freight & Forwarding Charges	1,125.52	939.55
Repairs & Maintenance :		
Machinery	34.17	18.90
Building	9.23	0.90
	43.40	19.80
Stores & Spare Consumption	94.59	107.51
Rent	93.36	74.49
Rates & Taxes	18.85	26.49
Payment to Auditor (Refer Details below)	12.10	9.46
Insurance	15.12	16.43
Royalty	13.84	13.84
Vehicle Repairs & Petrol Expenses	53.48	51.79
Traveling	131.63	105.62
Provision for doubtful Advances/Debtors	25.89	9.75
Fixed Assets Written off	8.00	0.00
Bad Debts/Loans/Advances/Other Current Assets irrecoverable written-off	1.76	36.77
Less : Provided in earlier years	0.00	18.67
	1.76	18.10
Sales Tax	4.53	0.49
C & F Commission	137.56	131.50
Directors' sitting fees	0.60	0.50
Miscellaneous Expense	5.27	2.97
Other Expenses (Including Legal & Professional Charges, Conveyance,Electricity,Printing & Stationery,Telephone, Telerate Fees Expenses,etc.)	274.83	215.76
TOTAL - >	3,338.95	2,691.56
Payment to Auditor:-		
As auditor:		
- Audit Fees	5.50	4.96
- Tax Audit Fees	2.10	1.98
In other capacity:		
- Certificate Fees	2.66	0.83
- Taxation Matters	1.46	1.40
- Out of Pocket expenses	0.38	0.29
	12.10	9.46
Note : 25		
Finance Cost (Refer Note No.1-H)		
On Fixed Loans	57.47	3.61
On Bank Overdraft	20.71	25.73
On Fixed Deposits	10.80	9.60
Brokerage & Other Financial Charges	12.22	11.21
Foreign Exchange Difference	0.00	5.39
TOTAL - >	101.20	55.54
Note : 26		
Exceptional Items (Refer Note No.27.4)		
Profit on sale of Forex Business	24.23	0.00
	24.23	0.00



Company Information

Vadilal Enterprise Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay stock exchange & Ahmedabad stock Exchange in India. The Company is engaged in the marketing and distribution of the Ice cream and frozen desserts and Process food products of the brand "Vadilal" all over India except Maharashtra, Goa, Karnataka, Kerala & Andhra Pradesh.

1. Significant accounting policies

A) ACCOUNTING CONVENTION:

The financial statements have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with the Companies (Accounting Standards) Rules, 2006, issued by the Central Government and relevant provisions of Companies Act, 1956 and are based on the historical cost convention.

B) USE OF ESTIMATES:

Preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of the financial statements and accompanying notes. Difference between the actual results and estimates, are recognised in the period in which the results are known/materialized.

C) REVENUE RECOGNITION:

- (i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from Sale of goods is recognised on delivery of the products, when all significant contractual obligations have been satisfied, the property in goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.
- (ii) Sales are shown net of Damages, Trade Discount and Special Scheme Discount. Sales do not include Value Added Tax.
- (iii) Service charges income is accounted when there is reasonable certainty of recovery.
- (iv) Income of Forex Advisory Fees accounted on accrual basis.
- (v) Dividend income from Investment is accounted for when the right to receive is established
- (vi) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

D) FIXED ASSETS AND DEPRECIATION:

- (i) Fixed assets are stated at cost of acquisition & installation, net of cenvat and VAT credits availed, if any, less accumulated depreciation and impairment loss, if any. Borrowing costs incurred during the period of construction/ acquisition of assets is added to the cost of Fixed Assets. Major expenses on modification / alterations increasing efficiency/capacity of the plant are also capitalized. Exchange differences arising out of fluctuations in exchange rate on settlement/period end in long term foreign currency monetary liabilities used for acquisition of fixed assets are adjusted to the cost of the fixed assets and depreciated over the remaining useful life of the asset.
- (ii) Depreciation on fixed assets is provided on "Straight Line Method" at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, (as amended) except in case of;
 - (a) Electrical installation (Acrylic Glow Sign Board & Translite) addition made upto 31.03.09, Push Carts, Tricycles, & Insulated Iron / Plastic Boxes in respect of which depreciation is charged at 20% based on the estimated useful life of five years.
 - (b) On Plastic Crates and on specific assets of Happeezz Parlour on which depreciation is charged at 33.33% based on the estimated useful life of three years.
 - (c) In respect of Deep Freeze Machines for addition from the year 2001-02, depreciation is charged at 10% based on estimated useful life of Ten years.
 - (d) Cost of electrical installation more than five years old and their corresponding depreciation are adjusted from gross block of tangible assets and depreciation fund respectively.

Change in estimates :

- (e) With effect from 1-04-2011 the company has reviewed the estimated useful life of Freezer on wheels and estimated useful life is revised from 5 years to 7 years. Accordingly depreciation for the year is provided considering the revised rates. If depreciation had been provided at the old rates, depreciation would have been higher by ₹ 35.92 for the year and profit before tax lower by an equivalent amount.

(iii) IMPAIRMENT OF ASSETS:

The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of tangible assets exceeds its recoverable amount. The recoverable amount is measured as the higher of the net selling price & the value in use determined by the present value of estimated future cash flows.

E) INVESTMENTS:

Investments are classified as non-current investments and are stated at cost. A Provision for diminution in the value of non-current investments is made for each investment individually, only if such decline is other than temporary.



(F) INVENTORIES:

Inventories are valued as under:

INVENTORY

VALUATION METHOD

- (i) Finished Goods : At lower of Cost or Net realizable value. Cost is determined on (Trading) 'FIFO' and 'Special identification' basis, whichever applicable. Due provision for obsolescence and wear & tear is made.
- (ii) Machinery Parts : At Lower of cost or Net realizable Value. Cost is determined on "Weighted Average" basis. Due Provision for obsolescence and wear & tear is made.

(G) EMPLOYEES BENEFITS:

(a) Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

(b) Post-Employment Benefits:

(i) Defined Contribution Plans:

State Governed provident fund scheme and employees state insurance scheme are defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related services.

(ii) Defined Benefit Plans:

The employee's gratuity fund scheme and compensated absences is company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the profit and loss account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligations under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefits plans are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight -line basis over the average period until the benefits become vested.

(c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, is recognised in the same manner as in case of defined benefit plans as mentioned in b)ii) above.

(H) BORROWING COST:

Borrowing cost utilized for acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use are complete. All other borrowing costs are charged in statement of profit & loss of the year in which incurred.

(I) TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization of such asset. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance Sheet date to reassess realization.

(J) FOREIGN CURRENCY TRANSACTIONS:

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract. The difference in translation of current assets and current liabilities is recognized in the statement of Profit & Loss.
- (iii) Exchange differences, in respect of accounting periods commencing on or after 7th December,2006 arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over



the remaining useful life of the asset, and in other cases are accumulated in a "Foreign currency Monetary item Translation Difference Account" in the company's financial statements and amortized over the balance period of such long term asset/liability but not beyond accounting period ending on or before 31st March, 2020.

(K) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised when the company has present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. These are reviewed at each year end and adjusted to reflect the best current estimate.

Contingent Liabilities are disclosed by way of notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

(L) CONTINGENCIES AND EVENTS OCCURRING AFTER BALANCE SHEET DATE:

All contingencies and events occurring after Balance Sheet date which have a material effect on the financial position of the company are considered for preparing the financial statement.

(M) EARNINGS PER SHARE:

Basic Earnings Per Share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(N) LEASES:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

(O) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(P) MEASUREMENT OF EBITDA:

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

CHANGE IN THE ACCOUNTING POLICY

Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact of presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Additional information to the Financial Statements

27.1. CONTINGENT LIABILITIES NOT PROVIDED FOR:

	As on 31-03-2012 (₹ In Lacs)	As on 31-03-2011 (₹ In Lacs)
(a) Estimated amount of Contracts remaining to be executed on Capital account and not provided For.	21.27	39.27
(b) Claims against the Company not acknowledged as debt / against which appeal has been filed.		
(i) Sales Tax	56.53	31.14
(ii) Others	20.77	20.77
(iii) Income Tax	20.21	20.21
(c) Guarantees given by the company against Term Loans given to company in which Directors are interested	800.00	800.00
Outstanding against this as at 31.03.2012	428.59	542.87

Note: Future Cash outflows in respect of 1 (b) above depend on ultimate settlement / conclusions with the relevant authorities.

27.2. Certain balances of receivables, payables, loans and advances and deposits from dealers/distributors are subject to confirmation. Any adjustments, if required, would be made at the time of reconciliation/settlement of the Accounts.



27.3. Based on the information available with the company, there are no suppliers who are registered under the Micro, Small & Medium Enterprises Development Act, 2006 as at 31st March 2012. Hence, the information required under the Micro, Small & Medium Enterprises Development Act, 2006 is not disclosed. This is relied upon by Auditors.

27.4. In pursuance of agreement entered between the Vadilal Enterprise Ltd. and Vadilal forex cons. Services Ltd, dated 31-03-2012, the company has transferred assets and liabilities of forex division of the company to Vadilal forex Consultancy services ltd at an agreed consideration of ₹120 lacs on March 31, 2012. Surplus of ₹ 24.23 lacs arising on this transfer is shown as exceptional item in statement of Profit and loss of the company.

27.5. REMUNERATION TO CHAIRMAN & MANAGING DIRECTOR:

Salaries, Wages, Allowances, Bonus etc. Includes ₹14.95/- Lacs towards managerial remuneration as under :-

	Year ended 31-03-2012 (₹ In Lacs)	Year ended 31-03-2011 (₹ In Lacs)
(a) Salary.	9.60	9.60
(b) Contribution to P.F. .	1.15	1.15
(c) Perquisites (HRA, Allow.etc.)	4.20	4.20
	14.95	14.95

As the future liability for Gratuity and leave encashment is provided on actuarial basis for the company as a whole, the amount pertaining to directors is not ascertainable and not included above.

27.6 REMITTANCE OF FOREIGN CURRENCIES FOR DIVIDENDS:

The Company has not made any remittances in foreign currencies on account of dividends during the year. The particulars of dividends paid to non-resident shareholders are as follows:

Year to which dividend relates	<u>2010-11</u>	<u>2009-10</u>
Number of non-resident shareholders	2	9
Number of shares held by them on which dividend is due	11170	8878
Amount remitted to bank accounts in India of non-resident shareholders	13404	10653

28. Disclosure under Accounting Standards

28.1 Disclosure as per Accounting Standard 15 (Revised) Employee Benefits:

(i) Defined Contribution Plans:

Amount of ₹ 50.52/-Lacs (P.Y. ₹ 37.41/-Lacs) is recognised as expenses and included in Employee Benefit Expenses" (Note 23) in the statement of Profit and Loss.

(ii) Defined Benefit Plans:

(a) Changes in present value of defined benefit obligation:

Particulars	Gratuity Plan	
	31.03.12	31.03.11
	(₹ In Lacs)	
Opening defined benefit obligation As at 01.04.2011	60.30	46.35
Service Cost	8.62	6.62
Interest Cost	4.94	3.80
Actuarial Losses / (Gains)	4.85	7.01
Losses / (Gains) on curtailments	—	—
Liabilities extinguished on settlements	—	—
Benefits Paid	(2.90)	(3.48)
Closing defined benefit obligation as at 31.03.2012	75.81	60.30

(b) Changes in the fair value of plan assets

Particulars	Gratuity Plan	
	31.03.12	31.03.11
	(₹ In Lacs)	
Opening fair value of plan assets as at 01.04.2011	43.03	28.53
Expected return	3.98	3.31
Actuarial gains and (Losses)	(0.22)	(0.87)
Assets distributed on settlements	—	—
Contributions by employer	10.76	15.54
Benefits Paid	(2.90)	(3.48)
Closing balance of fair value of plan Assets as at 31.03.2012	54.65	43.03



(c) The amounts recognised in Balance Sheet:

Particulars	Gratuity Plan	
	31.03.12	31.03.11
	(₹ In Lacs)	
Amount to be recognised in Balance Sheet		
i) Present value of Defined Benefit Obligations		
- Funded	54.65	43.03
- Unfunded	21.16	17.27
Total	75.81	60.30
Less: Fair value of Plan Assets	54.65	43.03
Unrecognized Past Service Costs	—	—
Amount to be recognised as liability	21.16	17.27
ii) Amount Reflected in the Balance Sheet		
Liabilities	21.16	17.27
Assets —	—	—
Net Liability/ (Asset)	21.16	17.27

(d) The amounts recognised in Statement of Profit and Loss:

Particulars	Gratuity Plan	
	31.03.12	31.03.11
	(₹ In Lacs)	
1. Current Service Cost	8.62	6.62
2. Interest Cost	4.94	3.80
3. Expected return on plan assets	(3.98)	(3.31)
4. Net Actuarial Losses (Gains) recognised in year	5.07	7.88
5. Past service cost	—	—
6. Losses (Gains) on curtailments and settlement	—	—
Total included in 'Employee Benefit Expense'	14.65	14.99
[Ref. Note 23]		
Actual return on plan assets	3.76	2.43

(e) The Major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity Plan	
	31.03.12	31.03.11
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance company	100%	100%

(f) Principal actuarial assumptions at the balance sheet date.
(Expressed as weighted averages):

Particulars	Gratuity Plan	
	31.03.12	31.03.11
Discount rate	8.50%	8.19%
Expected return on plan assets	8.50%	9.25%
Annual increase in salary costs	6.00%	6.00%



The estimates of future salary increase, considered in actuarial valuation, take account of inflation, Seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

(g) Amount pertaining to defined benefit plans are as follows:

Particulars	Gratuity Plan	
	31.03.12	31.03.11
	(₹ In Lacs)	
Defined benefit obligation	75.80	60.30
Plan Assets	54.65	43.03
Surplus / (deficit)	(21.15)	(17.27)
Experience adjustments on plan Liabilities	7.02	—
Experience adjustments on plan Assets	(0.22)	—

Note:-Amount not available for Experience adjustment on plan liabilities and on plan Assets as per actuarial certificate for Gratuity Plan up to Previous Years.

(h) The company expects to fund ₹11.80/- Lacs (P.Y. ₹10.76 Lacs) towards gratuity plan and ₹ 35.00/- Lacs (P.Y. ₹ 31.69/- Lacs) towards Provident Fund plan during the year 2012-13.

Notes:

i) The company provides retirement benefits in the form of Provident Fund, Gratuity and Leave Encashment. Provident Fund contributions made to "Government Administrated Provident Fund" are treated as defined contribution plan since the company has no further obligations beyond its monthly contributions. Gratuity is treated as defined benefit plan, and is administrated by making contributions to Group Gratuity Scheme of Life Insurance Corporation of India. Leave encashment is considered as defined benefit plans is administrated by making contributions to the Group Leave Encashment Scheme of Life Insurance Corporation of India and sick leave is considered as defined benefit plan and it remains unfunded.

28.2 Related Party Transactions as per Accounting Standard 18:

a) Name of related party and description of relationship with whom transactions taken place.

- 1) Key Management Personnel:
 - A) Ramchandra R. Gandhi
- 2) Relatives of key Management Personnel:
 - a) Rajesh R. Gandhi
 - b) Virendra R. Gandhi
 - c) Nija K.Gandhi
- 3) Group of Individuals having significant influence over the company & relatives of such individuals.
 - a) Devanshu L. Gandhi
- 4) Enterprises owned or significantly influenced by group of individuals or their relatives who have significant influence over the company.
 - a) Vadilal Industries Ltd.
 - b) Vadilal Soda Fountain.
 - c) Vadilal International Pvt Ltd.
 - d) Vadilal Forex and Consultancy Services Ltd. (Formaly known as Vadilal Hapinezz Parlour Ltd.)

b) Transaction with related parties :

(₹ in Lacs)

Sr. No.	Particulars of Transaction & Name of related party which transactions, more than 10 %	Enterprises owned or significantly influenced by key management personnel or their relatives
1	Sales : Vadilal Soda Fountain	136.45 (100.72)
2	Purchase : Vadilal Industries Ltd.	24656.10 (20518.64)
3	Rent paid : i) V.R. Gandhi & Others :- Shri Virendra R Gandhi	5.33 (3.33)



(₹ in Lacs)

Sr. No.	Particulars of Transaction & Name of related party which transactions, more than 10 %	Enterprises owned or significantly influenced by key management personnel or their relatives
ii)	Vadilal Industries Ltd.	0.54 (0.54)
4	Salary Paid Nija Kalpit Gandhi	3.26 (0.48)
5	Trade Discount Given : Vadilal Soda Fountain	6.82 (5.04)
6	Interest Income : Vadilal International Pvt.Ltd.	7.74 (7.74)
7	Royalty Paid : Vadilal International Pvt.Ltd.	13.84 (13.84)
8	Investment in shares Vadilal Forex & Consultancy Services Ltd. (Formaly known as Vadilal Happinezz Parlour Ltd.	7.00 (7.00)
9	Sale of Business : Vadilal Forex & Consultancy Services Ltd. (Formaly known as Vadilal Happinezz Parlour Ltd.)	120.00 (0.00)
10	Balance outstanding at year end :	
a)	Receivable :	
	Deposit Given	
i)	Vadilal International Pvt.Ltd.	774.00 (780.96)
	Trade Receivable :	
ii)	Others	41.58 (69.27)
b)	Payable :	
	Trade Payable :	
	Vadilal Industries Ltd.	5,547.16 (3270.97)
c)	Against corporate guarantee taken :	
	Vadilal Industries Ltd.	924.00 (895.00)
d)	Against corporate guarantee given :	
	Vadilal Industries Ltd. (Refer note 20.1)	800.00 (800.00)

Note :

- Payment to key management personnel in form of Managing Director's remuneration is shown in Note No. 27.5).
- Director's Sitting fees is shown seperately in accounts.
- Figures in bracket relates to previous year.
- Transaction of Purchase are shown net of VAT/CST and Outstanding of Trade Payables are inclusive of VAT/CST
- Vadilal Forex and Consultancy Services Ltd. Is earlier as Vadilal Happinezz Parlour Ltd.

28.3 Segment information as per Accounting Standard 17:

Segment Reporting as defined in Accounting Standard 17 is not applicable since revenue of Segment of other trading operations in food products does not exceed 10% of total revenue. Similarly as company sells its products in India there are no reportable geographical Segments.



28.4 Operating Leases as per Accounting Standard 19:

- (a) The Company has taken various residential, office and godown premises under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 36 months under leave and license or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.
- (b) Lease payments are recognised as expense in the Statement of Profit & Loss on a Straight Line basis over the lease term under "Other Expenses" in Note 24 "

28.5 Earning per share as per Accounting Standard 20:

- a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit for the year disclosed in the Statement of profit & loss.
- b) The weighted average number of equity shares used as the denominator in calculating both basic & diluted earnings per share is 8,62,668 (P.Y.8,62,668).

For and on behalf of the Board of Directors of Vadilal Enterprises Ltd.

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

Ramchandra R. Gandhi - Chairman & Managing Director
Jayantilal M. Shah - Director
Ruchita Gurjar - Company Secretary

Mayank S. Shah
Partner
Membership No. 44922

Place: Ahmedabad
Date : 30th May, 2012

Place: Ahmedabad
Date : 30th May, 2012



**FORM OF PROXY
VADILAL ENTERPRISES LIMITED**

Share Dept.: B/404, 4th Floor, "Time Square" Building, C. G. Road,
Nr. Lal Bungalow Char Rasta, Navrangpura, Ahmedabad - 380 009.

I/We _____ of _____
being a member/members of VADILAL ENTERPRISES LIMITED, hereby appoint _____
_____ of _____

or failing him/her _____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of the members of the Company to be held on Saturday, the 29th September, 2012, at 10.30 a.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380006 and at any adjournment thereof.

Ledger Folio No. _____

*DP ID No. : _____

*Client ID No. _____

No. of Shares _____

Signature _____

Affix
15 paise
Revenue
Stamp

Signed this _____ day of _____ 2012

* Applicable for investors holding shares in electronic form.

IMPORTANT :

- [1] **This form duly completed and signed across the stamp as per specimen signature registered with the Company should be deposited at the Share Department of the Company not less than 48 hours before the time fixed for the commencement of the Meeting.**
- [2] Revenue Stamp of 15 paise is to be affixed on this form.



**ATTENDANCE SLIP
VADILAL ENTERPRISES LIMITED**

Share Dept.: B/404, 4th Floor, "Time Square"
Building, C. G. Road, Nr. Lal Bungalow Char Rasta,
Navrangpura, Ahmedabad - 380 009.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIP ON REQUEST.

Name	Regd. Folio No. / DP ID No. and Client ID No.*	No. of Shares held
Shareholder _____ _____		
Proxy _____		

I hereby record my presence at the 27th Annual General Meeting of the members of the Company on Saturday, the 29th September, 2012, at 10.30 a.m., at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380006.

* Applicable for investors holding shares in electronic form.

Signature of Shareholder(s)/