



# **VADILAL CHEMICALS LIMITED**

**24<sup>th</sup> Annual Report 2014-2015**

# Vadilal Chemicals Limited

VADILAL CHEMICALS LIMITED  
(CIN:L24231GJ1991PLC015390)  
24TH ANNUAL REPORT 2014-15  
CORPORATE INFORMATION

## BOARD OF DIRECTORS:

Shri Rajesh R. Gandhi	Chairman & Managing Director
Shri Devanshu L. Gandhi	Managing Director
Shri Kalpit R. Gandhi	Director (w.e.f. 31-3-2015)
Smt. Deval D. Gandhi	Director (w.e.f. 31-3-2015)
Shri Rohit J. Patel	Director
Shri Jignesh J. Shah	Director
Shri Ashish H. Modi	Director
Shri Udayan R. Patel	Director

## FORMER DIRECTORS:

Shri Virendra R. Gandhi	Director (upto 11-11-2014)
Shri Rajesh K. Pandya	Director (upto 01-04-2015)

## OTHER KEY MANAGERIAL PERSONNEL :

Shri Ravi Thakkar	Chief Financial Officer (w.e.f. 1-6-2015)
Shri Soham Raval	Company Secretary (w.e.f. 15-11-2014)

## AUDITORS:

M/s. RRS & Associates  
Chartered Accountants, Ahmedabad

## BANKERS:

Bank of Baroda  
IDBI Bank

## REGISTERED OFFICE:

503-504, Aditya Building, Nr. Sardar Patel Seva Samaj,  
Mithakhali, Navrangpura, Ahmedbad- 380 006.  
Ph. : 079-30086937-38-39 Fax : 079-30086940  
E-mail : [cs@vadilalgases.co.in](mailto:cs@vadilalgases.co.in) Website : [www.vadilalgases.co.in](http://www.vadilalgases.co.in)

## REGISTRAR AND SHARE TRANSFER AGENT:

Big Share Services Private Limited  
E-2-3, Ansa Industrial Estate, Saki- Vihar Road,  
Sakinaka, Andheri (E), Mumbai-400 072.  
E-mail : [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Ph. : 022-40430295

<b>CONTENTS</b>	<b>PAGE NO.</b>
➤ Notice of Annual General Meeting	2-8
➤ E-Voting Instructions	3-5
➤ Directors' Report	9-32
➤ Secretarial Audit Report	29-31
➤ Independent Auditors' Report	33-35
➤ Balance Sheet	36
➤ Statement of Profit & Loss	37
➤ Cash Flow Statement	38
➤ Significant Accounting Policies	39-40
➤ Notes to Financial Statements	41-52
➤ Proxy Form & Attendance Slip	53-55
➤ Route Map for venue of AGM	54

<b>24<sup>th</sup> ANNUAL GENERAL MEETING</b>	
DAY	: THURSDAY
DATE	: 26 <sup>th</sup> NOVEMBER, 2015
TIME	: 11.30 A.M.
VENUE	: " VADILAL HOUSE", SHRIMALI SOCIETY, NR. NAVRANGPURA, RAILWAY CROSSING. NAVRANGPURA, AHMEDABAD-380 009.

## Annual Report 2014-2015

### NOTICE

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Thursday, 26<sup>th</sup> November, 2015 at 11.30 a.m. at Vadilal House, Shrimali Society, Nr. Navrangpura Railway Crossing, Navrangpura, Ahmedabad- 380 009 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and the Statement of Profit and Loss, Cash flow statement for the year ended on that date together with the Auditor's report and the Directors' Report thereon.  
"RESOLVED THAT the Audited Balance Sheet as on 31<sup>st</sup> March, 2015 and the Statement of Profit and Loss for the Financial year ended on 31<sup>st</sup> March, 2015 together with all annexure and attachment thereto including the Directors' Report and Auditors' Report for the Financial year 2014-15 which have already been circulated to the Members and as laid before this meeting, be and the same are hereby approved and adopted."
2. To appoint a Director in place of Shri Rajesh R. Gandhi (holding DIN 00009879), who retires by rotation as per provision of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.  
"RESOLVED THAT the retiring Director, Shri Rajesh R. Gandhi (DIN: 00009879), be and is hereby reappointed as a Director of the Company, liable to retire by rotation."
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting i.e. 24<sup>th</sup> AGM till the conclusion of the next Annual General Meeting and to fix their remuneration.  
"RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and rules made thereunder, M/s. RRS & Associates, Chartered Accountants, Ahmedabad (FRN : 118336W) be and are hereby appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting for the financial year 2015-16.  
**RESOLVED FURTHER THAT** Shri Rajesh R Gandhi, Chairman & Managing Director and/or Shri Devanshu L. Gandhi, Managing Director of the Company be and are hereby severally authorised to fix their remuneration in consultation with them."

#### SPECIAL BUSINESS:

4. To appoint Mrs. Deval D. Gandhi (DIN: 00988905) as Non Executive & Non Independent Director of the company and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149 (1), 152 or any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Deval D. Gandhi (holding DIN 00988905), who was appointed as Additional Director of the company in the Board meeting held on 31<sup>st</sup> March, 2015, pursuant to the provision of Section 161 of the Companies Act, 2013 in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as a Director of the company designated as Non Executive & Non Independent Director of the Company liable to retire by rotation"
5. To appoint Mr. Kalpit R. Gandhi (DIN: 02843308) as Non Executive & Non Independent Director of the company and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149 (1), 152 or any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Kalpit R. Gandhi (holding DIN 02843308), who was appointed as Additional Director of the company in the Board meeting held on 31<sup>st</sup> March, 2015 pursuant to the provision of Section 161 of the Companies Act, 2013 in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as director of the company designated as Non Executive & Non Independent Director of the Company liable to retire by rotation."
6. To approve and adopt new set of articles of association of the company in replacement of existing articles of association of the company, in terms of section 14 and all other applicable provisions of the companies act, 2013 read with companies (incorporation) rules, 2014.  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the

## Vadilal Chemicals Limited

Articles of Association, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To approve the related party transactions entered into by the company with any person, firm or body corporate in terms of provisions of section 188 of the companies act, 2013 and rules made thereunder.

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to continue to enter into related party transactions/arrangements by the Company with Vadilal Gases Limited, the details of which are more particularly mentioned in the explanatory statement annexed to the Notice.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby, authorized to do or cause to be done all such Acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.

Registered Office:  
503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj,  
Mithakhali, Ahmedabad – 380006.  
Date : 13<sup>th</sup> August, 2015.

**BY ORDER OF THE BOARD  
FOR VADILAL CHEMICALS LIMITED**  
SD/  
**(RAJESH R GANDHI)**  
(DIN: 00009879)  
Chairman & Managing Director

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. Members are requested to notify to the company any change in their address.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from Thursday, 19<sup>th</sup> November, 2015 to Thursday, 26<sup>th</sup> November, 2015 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to bring their copy of Annual Report at the meeting.
5. Corporate Members intending to send their Authorized Representatives to attend the Meeting are requested to send a Certified Copy of the Board Resolution authorizing their Representatives to attend and vote at the Annual General Meeting.
6. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. The Company's shares are listed with the four regional Stock Exchanges viz. Ahmedabad Stock Exchange Limited, The Calcutta Stock Exchange Limited, Madras Stock Exchange Limited, Delhi Stock Exchange Limited.
8. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.
9. The SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent i.e. Bigshares Services Private Limited.

10. **E-VOTING:**

- The Company pleased to offer Evoting facility to all its members to enable them to cast their vote

## Annual Report 2014-2015

electronically in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote through e-voting services provided by Central Depository Services (India) Limited (CDSL) and the company may pass any resolution by electronic voting system in accordance with the above provisions.

- The process and manner of e-voting is being sent to all the members whose e-mail Ids are registered with the Company/Depository Participant /Share Transfer Agent for communication purpose through electronic mode.
- The Members who has cast their votes by remote e-voting may also attend the Meeting but shall not be entitled to cast their votes again.
- The Board of Directors of the company has appointed Mr. Manoj R. Hurkat of M/s. Manoj Hurkat & Associates, Practicing Company Secretary, Ahmedabad as Scrutinizer to scrutinize the poll and emote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- Voting rights shall be reckoned on the paid up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut off date i.e. 19<sup>th</sup> November, 2015.
- Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut off date i.e. 19<sup>th</sup> November, 2015 may obtain the User ID and Password in the manner as mentioned below:
  - If e-mail Id address or mobile number of the member is registered against folio No./ DP ID/ Client ID, then on the home page of <http://www.evotingindia.com>, the member may click "Forgot password" and enter folio No. or DP ID or Client ID and PAN to generate password.
  - Member may call CDSL toll free number 18002005533.
  - Member may send an e-mail request to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - If the member is already registered with CDSL e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.

### **The instructions for shareholders voting electronically are as under:**

- The voting period begins on Monday, 23<sup>rd</sup> November, 2015 at 9.00 a.m. and ends on Wednesday, 25<sup>th</sup> November, 2015 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Thursday, 19<sup>th</sup> November, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The process and manner of e-voting is being sent to all the members whose e-mail Ids are registered with the Company/Depository Participant /Share Transfer Agent for communication purpose through electronic mode.

- The Scrutinizer after Scrutinizing the votes cast at the meeting (poll) and through remote e-voting, will not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.vadilalgases.co.in](http://www.vadilalgases.co.in) and on the website of CDSL viz. <http://www.evotingindia.com>. The results shall simultaneously be communicated to the stock exchange.
- The shareholders should log on to the e-voting website : [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

## Vadilal Chemicals Limited

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> </ul>
	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on Address Label (sticker) pasted on back of the Annual Report.</li> </ul>
	<ul style="list-style-type: none"> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<ul style="list-style-type: none"> <li>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</li> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.
  - Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - Click on the EVSN for the relevant <VADILAL CHEMICALS LIMITED> on which you choose to vote.
  - On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
11. Ministry of Corporate Affairs, New Delhi ("MCA") has launched a "Green Initiative" by permitting paperless compliances by companies pursuant to provisions of Section 20 of the Companies Act, 2013 read with

## Annual Report 2014-2015

sub rule 3 & 4 of rule 35 of Companies (Incorporation) Rules, 2014 and Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 and Section 136 of the Companies Act, 2013 read with Rule 11 of the Companies (Accounts) Rules, 2014 which provides for service of documents including notice of General meeting, circulation of Financial Statements etc. through electronic mode. Members of the Company are requested to update their email address by writing to the Registrar and Transfer Agent of the Company quoting their folio number(s).

### 12. ANNEXURE TO THE NOTICE:

Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013.

#### ITEM NO. 4:

Pursuant to the provisions of Section 149(1) of the Companies Act, 2013 and Rules made thereunder, and articles of association of the company, the Company should have atleast one woman director on the Board of Directors of the company, In view of the said requirements and on the basis of the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mrs. Deval D. Gandhi as an Additional Director of the Company designated as Non Executive Non Independent Director of the company with effect from 31<sup>st</sup> March, 2015.

In terms of the provisions of Section 161(1) of the Act, Mrs. Deval D. Gandhi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mrs. Deval D. Gandhi for the office of Director of the Company.

Mrs. Deval D. Gandhi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. She holds 119250 equity shares of the company. She will be considered as non executive and non independent director of the company liable to retire by rotation.

Mrs. Deval D. Gandhi is interested in the resolution set out at Item No. 4 of the Notice, financially or otherwise, to the extent of her aforesaid shareholding interest in the Company.

Mr. Devanshu L. Gandhi and other relatives of Mrs. Deval D. Gandhi may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

#### ITEM NO. 5:

Pursuant to the provisions of provisions of Section 161(1) of the Act and rules made there under and the Articles of Association of the Company, on the basis of the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed Mr. Kalpit R. Gandhi as an Additional Director of the Company designated as Non Executive Non Independent Director of the company with effect from 31<sup>st</sup> March, 2015.

In terms of the provisions of Section 161(1) of the Act, Mr. Kalpit R. Gandhi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Kalpit R. Gandhi for the office of Director of the Company.

Mr. Kalpit R. Gandhi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He holds 17290 equity shares of the company. He will be considered as non executive and non independent director liable to retire by rotation.

Mr. Kalpit R. Gandhi is interested in the resolution set out at Item No. 5 of the Notice, financially or otherwise, to the extent of her aforesaid shareholding interest in the Company.

Mr. Rajesh R. Gandhi and other relatives of Mr. Kalpit R. Gandhi may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of his shareholding interest, if any.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

#### ITEM NO.6

The existing Articles of Association (hereinafter referred to as "AOA") are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

## Vadilal Chemicals Limited

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, *inter alia*, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles.

The new AOA to be substituted in place of the existing AOA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AOA of the Company viz:

- (a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- (b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- (c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- (d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (e) existing articles have been streamlined and aligned with the Act;
- (f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- (g) provisions of the existing AOA which are already part of statute in the Act have not been reproduced in the new draft AOA as they would only lead to duplication – their non-inclusion makes the new AOA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

### ITEM NO.7

The Company in its ordinary course of business purchases and sells Industrial Gases to Vadilal Gases Limited (hereinafter referred to as "VGL") on regular basis.

Vadilal Gases Limited falls under the category of a related party of the Company in terms of the provisions of Section 188 of the Companies Act, 2013 and Rules made thereunder.

The transaction entered into with Vadilal Gases Limited whether individually and/or in aggregate exceeds the stipulated threshold of ten percent of the annual turnover of the Company as per the last audited financial statements of the Company.

The Company therefore requires approval of the shareholders through an Ordinary Resolution for entering into transaction of purchase and sale of Industrial Gases to Vadilal Gases Limited upto a maximum amount as mentioned hereunder.

Vadilal Gases Limited, being related party to the transaction, shall abstain from voting on this resolution in terms of general circular no. 30/2014 dated 17th July, 2014 issued by Ministry of Corporate Affairs.

The relevant information related to related party transaction is as under :

1.	Name of the party	Vadilal Gases Limited (VGL)
2.	Nature of relation	A Public Company in which Directors of the Company are Directors and holding more than 2% shares alongwith their relatives
3.	Name of the Interested Directors	Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi



## Annual Report 2014-2015

Nature, duration and particulars of contract or arrangement or transaction	material terms of the contract or arrangement, or transaction including value, if any	any advance paid or received for the contract or arrangement or transaction, if any	the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	Transaction value for which approval is sought (Rs. in lakhs)
4.	5.	6.	7.	8.
There is no formal contract or agreement between VCL and VGL. VGL is in the business of manufacturing of various grade of Argon & Nitrogen Gases, Calibration Gases, Mixture Gases etc. and sell its' 100% products/ materials to VCL, while VCL Re-labelling the products received from VGL & sell the products in the open market. There is no formal contract or agreement between VCL and VGL.	VCL, in the ordinary course of business enters into transactions of purchase and sale of industrial Gases from VGL. During the year-2014-2015, VCL has purchased Industrial Gases of ₹ 7,88,78,890 and sold the Industrial Gases to Vadilal Gases Limited of ₹ 2,80,81,815.	No advance paid or received.	Sale and Purchase of Industrial Gases as per market rate.	Approval of shareholders is sought for transactions of ₹ 30,00,00,000/- per financial year for a period of 5 financial year commencing from 2014-2015.

The Audit committee and the Board of the Directors of the Company have at their meetings held on 13<sup>th</sup> August, 2015 approved the aforesaid related party transactions.

The approval of the Members by way of an Ordinary Resolution is sought pursuant to Section 188 of the Companies Act 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and amendments made thereunder.

Mr. Rajesh R. Gandhi, Mr. Devanshu L. Gandhi and their relatives are interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Registered Office:  
503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj,  
Mithakhali, Ahmedabad – 380006.  
Date : 13<sup>th</sup> August, 2015.

**BY ORDER OF THE BOARD  
FOR VADILAL CHEMICALS LIMITED**  
SD/-  
**(RAJESH R GANDHI)**  
(DIN: 00009879)  
Chairman & Managing Director

## DIRECTORS' REPORT

To,  
The Members,  
VADILAL CHEMICALS LIMITED  
Ahmedabad.

Your Directors have pleasure in presenting herewith the 24<sup>th</sup> Annual Report together with the Audited Balance Sheet for the year ended on 31<sup>st</sup> March, 2015 and Profit & Loss statement for the year ended on 31<sup>st</sup> March, 2015.

### FINANCIAL HIGHLIGHTS :

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
(a)	Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	366.9	379.19
(b)	Finance Cost	154.32	182.99
(c)	Depreciation and amortization expenses	132.75	263.64
	Less : Recoupment from Revaluation Reserve / Deferred Government Grant	0	0
(d)	Profit before Exceptional and Extraordinary Items and Tax	79.83	-67.44
(e)	Exceptional Items Provision for diminution in the value of Long Term Investments	0	0
(f)	Profit before Extraordinary Items and Tax	79.83	-67.44
(g)	Extraordinary Items	0.00	0.00
(h)	Profit before Tax	79.83	-67.44
(i)	Tax Expenses		
	Current (MAT Tax) Less :	38.10	17.10
	MAT Credit entitlement	<u>(0.00)</u>	<u>(0.00)</u>
	Deferred Tax charge / (release)	-18.33	-42.3
	Short/(Excess) Provision of Tax / Deferred Tax of earlier years (Net)	<u>(0.37)</u>	<u>(1.54)</u>
		<u>20.14</u>	<u>-26.74</u>
(j)	Profit for the period	<u>59.69</u>	<u>-40.7</u>
(k)	<b>Surplus in the Statement of Profit and Loss:</b>		
	Balance as per last Financial Statements	70.91	111.61
	Profit for the year	59.69	-40.7
	Less : Appropriations:	0	0
	Net Surplus in the statement of Profit and Loss	<u>130.6</u>	<u>70.91</u>

### STATE OF COMPANY'S AFFAIRS:

The Company has achieved Turnover of ₹ 4488.45 lacs during the year ended on 31<sup>st</sup> March, 2015 as against ₹ 4091.27 lakhs earned during the previous year ended on 31<sup>st</sup> March, 2014, giving a big rise of 9.71 % as compared to previous year and the company has achieved Net revenue from operations of ₹ 4178.88 lakhs earned by the Company during the year under review as compared to ₹ 3785.42 lakhs Net revenue from operations of last year and The the company has also earned other income of ₹ 38.01 lakhs during the year under review as against ₹ 78.21 lakhs earned during the previous year.

The Company has earned the Profit before Interest, Tax, Depreciation and Amortisation (EBITDA) of ₹ 366.90 lakhs during the year ended on 31<sup>st</sup> March, 2015 as compared to ₹ 379.19 lakhs incurred during the previous year ended on 31<sup>st</sup> March, 2014.

The Company has achieved net Profit of ₹ 59.69 lakhs for the year ended on 31<sup>st</sup> March, 2015 after providing Finance Cost and Depreciation and Amortisation expenses and after making Provision for Deferred Tax Charge and other adjustments, as compared to Loss of ₹ 40.70 lakhs earned by the Company during the previous year ended on 31<sup>st</sup> March, 2014.

### DIVIDEND :

The Board of Directors have not recommended dividend for the Financial Year 2014-15 to conserve resources for future development of the company. The company is not required to transfer any amount to reserve due to dividend not recommended by directors for financial year 2014-2015.

### EXTRACT OF ANNUAL RETURN:

Extract of Annual Return of the Company is annexed herewith as **Annexure – I** to this Report.

## Annual Report 2014-2015

### FINANCE:

During the year under review, the Company has availed Secured Loan from Banks. During the year company has made regular repayment of Loan & interest and there is no any overdue payment to Banks.

### DETAILS OF DEPOSITS:

The Company has not accepted any deposit from Members as per provision of Section 73 of the Companies Act, 2013.

### SUBSIDIARY COMPANY:

The Company does not have any subsidiary company.

### CORPORATE GOVERNANCE:

Provisions of Clause 49 of Listing Agreement are not applicable to the Company w.e.f 1<sup>st</sup> October, 2014 pursuant to amendment to Clause 49 of the Equity Listing Agreement vide SEBI circular No. CIR/ CFD/ POLICY CELL/ 7/2014 dated 15<sup>th</sup> September, 2014.

### DIRECTORS' 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 134(3)(C) and 134(5) of the Companies Act, 2013 and confirm :

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:

During the year 2014-15, the Company has not given any loans / guarantees / securities or Company has not made any investment, which falls under section 186 of the Companies Act, 2013.

### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

Information on transactions with related parties pursuant to Section 134(3)(h) of the act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure- II** in the prescribed Form AOC-2 and the same forms part of this report, the said Related Party Transactions are duly approved by the Audit Committee of the Company.

Your directors draw attention to Note No. 29 to the Financial Statement which sets out Related Party Disclosures.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, Mr. Virendra R. Gandhi ceased to be Director of the Company w.e.f. 12<sup>th</sup> November, 2014, due to non-approval of the Ordinary Resolution for his re-appointment as retiring Director, in the 23<sup>rd</sup> Annual General Meeting of the Company.

During the period of this report, Mr. Rajesh K. Pandya has resigned from the office of the Director of the Company with effect from 1st April, 2015. He was an Independent Director of the Company. The Directors placed on record the valuable services and guidance provided by Mr. Rajesh K. Pandya during her tenure as a Director of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and Rules made thereunder, Mr. Rajesh R. Gandhi, Director of the Company, shall retire by rotation at this Annual General Meeting and being eligible, offer himself for re-appointment. The retiring by rotation of Mr. Rajesh R. Gandhi, as aforesaid and his re-appointment shall not be termed as discontinuation in his office as Managing Director of the Company. The Members are requested to consider his re-appointment as Director of the Company, for which necessary resolution has been incorporated in the notice of the meeting.

Pursuant to the provisions of Section 149(1) and 152 of the Companies Act, 2013 and Rules made thereunder and on the recommendation of the Nomination and Remuneration Committee, the Company proposes to appoint Mrs. Deval D. Gandhi who was appointed as an Additional Director at the Board Meeting held on 31-03-2015, designated as Non-executive and Non-Independent Woman Director, liable to retire by rotation. The Company has received requisite notice in writing from a Member proposing her candidature for appointment as a Director of the Company.

## Vadilal Chemicals Limited

Mr. Kalpit R. Gandhi, who was appointed as an Additional Director at the Board Meeting held on 31-03-2015, designated as Non-executive and Non-Independent Director, liable to retire by rotation. The Company has received requisite notice in writing from a Member proposing his candidature for appointment as a Director of the Company.

### BOARD EVALUATION :

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act.

The performance of the Board was evaluated by the Board on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

### COMMITTEES OF DIRECTORS:

The details of various committees of Directors constituted under various provisions of Companies Act, 2013 and Rules made thereunder, are as under :

- **AUDIT COMMITTEE :**

Audit Committee comprises the following directors as on 31-03-2015 :-

Sr. No.	Name of the Member	Designation	Category
1	Mr. Jignesh J. Shah	Chairman	Independent Director
2	Mr. Devanshu L. Gandhi	Member	Managing Director
3	Mr. Rohit J. Patel	Member	Independent Director
4	Mr. Udayan R. Patel	Member	Independent Director
5	Mr. Rajesh K. Pandya#	Member	Independent Director

# Ceased to be Member of the committee w.e.f 1<sup>st</sup> April, 2015 due to resignation.

The constitution of the Audit Committee fulfills the requirements of Section 177 of the Companies Act, 2013 and Rules made thereunder. The members of audit committee are financially literate and having accounting or related financial management expertise.

Mr. Soham Raval, who is a Company Secretary of the Company, is the Secretary to the Audit Committee.

- **NOMINATION AND REMUNERATION COMMITTEE :**

The Nomination and Remuneration Committee comprises the following Directors of the Company, as on 31st March, 2015, namely:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Rohit J. Patel	Chairman	Independent Director
2	Mr. Jignesh J. Shah	Member	Independent Director
3	Mr. Udayan Patel	Member	Independent Director

The constitution of the Nomination and Remuneration Committee fulfills the requirements of Section 177 of the Companies Act, 2013 and Rules made thereunder.

- **STAKEHOLDERS' RELATIONSHIP COMMITTEE :**

The erstwhile Share Transfer Committee of the Directors of the Company was re-constituted and re-nomenclature as a *Stakeholders' Relationship Committee* pursuant to the provisions of Section 178 of the Companies Act, 2013 and Rules made thereunder.

The Stakeholders' Relationship Committee comprises the following Directors of the Company, as on 31st March, 2015, namely:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Rohit J. Patel	Chairman	Independent Director
2	Mr. Rajesh R. Gandhi	Member	Chairman and Managing Director
3	Mr. Devanshu L. Gandhi	Member	Managing Director

## Annual Report 2014-2015

The constitution of Stakeholders' Relationship Committee fulfills the requirements of Section 178 of the Companies Act, 2013 and Rules made thereunder.

The Committee, inter alia, approves the transfer of Shares, issue of duplicate Share Certificates, splitting and consolidation of Shares etc. The Committee also looks after redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc. The Board of Directors has delegated the power of approving transfer of Shares etc. to the Stakeholders' Relationship Committee.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The Nomination and Remuneration Committee has at its meeting held on 31<sup>st</sup> March, 2015 recommended to the Board a policy on appointment and remuneration of Directors of the Company in terms of the provisions of Section 178 of the Companies Act, 2013, which was approved by the Board.

Board of Directors, at its meeting held on 31<sup>st</sup> March, 2015 have adopted the Policy on appointment and remuneration of Directors. The said policy is enclosed with the Directors' report and marked as "**Annexure - III**".

### **NUMBER OF BOARD MEETINGS :**

During the year under review, Seven Meetings of Board of Directors were held on 24/05/2014, 14/08/2014, 25/08/2014, 15/11/2014, 14/02/2015, 18/03/2015 and 31/03/2015.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As required under Section 134(1)(m) of the Companies Act, 2013 and Rules made thereunder, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the **Annexure - IV** attached herewith and forming part of the Directors' Report.

### **RISK MANAGEMENT:**

The Company is exposed to various business risks from time to time. Risk management involves handling appropriately risk that are likely to harm an organization. There are various types of risks associated with conducting business of the Company. The ultimate goal of risk management is the preservation of physical and human assets of the organization for successful continuation of its operations. The Board periodically reviews the risk assessment and minimization procedure in relation to the business of the Company.

### **CORPORATE SOCIAL RESPONSIBILITY:**

Provisions of Section 135 of the Companies Act, 2013 towards Corporate Social Responsibility is not applicable to the company.

### **INTERNAL FINANCIAL CONTROL:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

### **AUDITORS:**

Section 139(2) of the Companies Act, 2013 (effective 1<sup>st</sup> April, 2014), mandates that a listed company or such other prescribed classes of companies shall not appoint or re-appoint an audit firm as Statutory Auditors for more than two terms of five consecutive years each.

Our auditors, M/s. RRS & Associates, Chartered Accountants, Ahmedabad are re-appointed as Statutory Auditors of the company for the period of one year at the last annual General Meeting 2013-14, the board of directors have decided to appoint M/s. RRS & Associates for next term of one year.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s. RRS & Associates, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

The Company has received a certificate from the said Auditors under Section 139 of the Companies Act, 2013 to the effect that their appointment, if made, would be within the prescribed limits under Section 139 of the Act and they are not disqualified under the Act. The Members are requested to consider their appointment as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

### **AUDITORS' REPORT OF THE COMPANY:**

The following clarification has been made by the Directors in respect of the observation made by the Auditors in CARO report for the year ended on 31<sup>st</sup> March, 2015 :-

- In respect of observation in CARO Report regarding repayment of unsecured loan by company out of term loans, the Board hereby clarifies that the said loan is outstanding since many years and the Company has received recovery letters and reminders from the creditor to make repayment of loan. In order to avoid any litigation and to maintain the credibility of the Company, it was found appropriate to make repayment of the outstanding loan from term loans.

### **SECRETARIAL AUDITOR:**

The Board has appointed M/s SPANJ & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as **Annexure- V** to this Report.

In respect of the qualification in the Secretarial Audit Report regarding not maintaining minimum 25% public shareholding, the Board clarifies that the Company is in process of taking necessary actions as required under SEBI Circular No. CIR/MRD/DSA/05/2015 dated 17th April, 2015.

### **INSURANCE:**

All insurable interests of the Company including buildings, plant and machinery, furniture & fixtures and other insurable interest are adequately insured.

### **PARTICULARS OF EMPLOYEES:**

The Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed with this report as **Annexure - VI**.

The Statement of particulars of employees under Section 197(12) read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is not provided with as, during the financial year under review, no employee of the Company including Managing Directors was in receipt of remuneration in excess of the limits set out in the said rules.

### **WHISTLE BLOWER POLICY / VIGIL MECHANISM:**

The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report any act of serious misconduct or wrongful activity being occurred or suspected to occur within the organization, to his immediate HOD or the HR Head or directly to the concern Managing Director of the Company, as he may desire. No employee of the Company is denied access to the Audit Committee.

### **MATERIAL INFORMATION :**

During the period under review, Vortex Ice-cream Private Limited jointly with Mr. Virendra R. Gandhi (the erstwhile Director) and others have filed a petition against the Company and it's the then Directors, before the Company Law Board, Mumbai bench dated 18th April, 2015 under Section 397 and 398 of the Companies Act, 1956 alleging Oppression and Mismanagement. The Hon'ble Company Law Board, Mumbai Bench, after hearing both the parties, passed an interim order dated 11th May, 2015 giving various directions / orders. Pursuant to the said order, the Company has initiated a Postal Ballot Process from 18-7-2015 to 17-8-2015 seeking approval of the shareholders for sale/disposal off of various properties of the Company. The results of the said Postal Ballot Process has been declared on 19-8-2015 and duly approved by share holders. Results of the Postal Ballot are available on the website of the company i.e. [www.vadilalgases.co.in](http://www.vadilalgases.co.in).

### **GENERAL:**

- During the year under review, there was no change in the nature of business of the Company and there is no material change and/or commitments, affecting the financial position of the Company, during the period from 31st March, 2015 till the date of this report.
- During the year under review, there was no significant and/or material order passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.
- The Company does not provide any loan or other financial arrangement to its employees or Directors or Key Managerial Personnel for purchase of its own shares and hence, the disclosure under Section 67(3)(c) of the Companies Act, 2013 does not require.
- During the year under review, no Director or Managing Director of the Company has received any remuneration or commission from subsidiary of the Company in terms of provisions of Section 197(14) of the Companies Act, 2013.
- The disclosure in terms of Rule – 4 of Companies (Share Capital and Debenture) Rules, 2014 is not provided, as the Company does not have any equity shares with differential voting rights.

### **ACKNOWLEDGEMENT:**

The Directors place on record the appreciation and gratitude for the co-operation and assistance extended by various departments of the Union Government, State Government, Bankers and Financial Institutions.

The Directors also place on record their appreciation of dedicated and sincere services of the employees of the Company at all levels.

The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

Registered Office:

503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj,  
Mithakhali, Ahmedabad – 380006.  
Date : 10<sup>th</sup> September, 2015.

**BY ORDER OF THE BOARD  
FOR VADILAL CHEMICALS LIMITED  
SD/-  
(RAJESH R GANDHI)  
(DIN: 00009879)  
Chairman & Managing Director**

## Annual Report 2014-2015

### ANNEXURE – I TO THE DIRECTORS' REPORT

FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

- |    |  |   |
|----|--|---|
| 1. | CIN  | L24231GJ1991PLC015390   |
| 2. | Registration Date  | 11/04/1991  |
| 3. | Name of the Company  | VADILAL CHEMICALS LIMITED   |
| 4. | Category/Sub-category of the Company                                       | Public Limited Company  |
| 5. | Address of the Registered office & contact details                         | 503-504, Aditya Building, Nr. Sardar Patel seva Samaj, Mithakhali, Navrangpura, Ahmedabad- 380 006.   |
| 6. | Whether listed company   | Listed at Ahmedabad Stock Exchange Limited, Calcutta Stock Exchange Limited, Madras Stock Exchange Limited and Delhi Stock Exchange Limited.          |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Big Share Services Private Limited, E-2-3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri(E), Mumbai- 400 072. Phone No. : 022 4043 0295. |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Ammonia Gas	2411	34.00%
2	Hydrogen	2411	19.00%
3	Liquor Ammonia	2411	15.00%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1	Vadilal Forex and Consultancy Services Limited	U93000GJ1995 PLC026204	Associate	28%	2(6)

#### VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									
a) Individual/ HUF	495666	387796	883462	18.12	0	0	0	0	0
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp.	509950	2419254	2929204	60.1	893600	2209254	3102854	63.66	0
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any other	0	0	0	0.00	0	0	0	0.00	0
Directors' Relatives	135835	322752	458587	9.41	849384	492665	1342049	27.53	0
Non Residential Individual	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A)</b>	<b>1141451</b>	<b>3129802</b>	<b>4271253</b>	<b>87.63</b>	<b>1742984</b>	<b>2701919</b>	<b>4444903</b>	<b>91.19</b>	<b>0</b>

## Vadilal Chemicals Limited

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	0	179550	179550	3.68	0	5900	5900	0.12	0
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1116	422081	423197	8.68	1116	422081	423197	8.68	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0
Clearing Members	0	0	0	0.00	0	0	0	0.00	0
Trusts	0	0	0	0.00	0	0	0	0.00	-2
Foreign Bodies-DR	0	0	0	0.00	0	0	0	0.00	0
Hindu Undivided Families (HUF)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	<b>1116</b>	<b>601631</b>	<b>602747</b>	<b>12.37</b>	<b>1116</b>	<b>427981</b>	<b>429097</b>	<b>8.8</b>	<b>0</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>1116</b>	<b>601631</b>	<b>602747</b>	<b>12.37</b>	<b>1116</b>	<b>427981</b>	<b>429097</b>	<b>8.8</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>1142567</b>	<b>3731433</b>	<b>4874000</b>	<b>100.00</b>	<b>1744100</b>	<b>3129900</b>	<b>4874000</b>	<b>100.00</b>	<b>0</b>



## Annual Report 2014-2015

### B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (31-3-2014)			Shareholding at the end of the year (31-3-2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the	%of Shares Pledged / company encumbered to total	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Vadilal International Private Limited	2013204	41.3	0	2013204	41.3	0	0.00
2	Vadilal Marketing Pvt. Ltd.	423650	8.69	0	423650	8.69	0	0.00
3	Vortex Ice cream Pvt. Ltd.	383650	7.87	0	383650	7.87	0	0.00
4	Devanshu Laxmanbhai Gandhi	300000	6.15	0	300000	6.15	0	0.00
5	Kalpiti Realty and Services Limited				173650	3.56	0	3.56
5	Rajesh Ramchandra Gandhi	135835	2.78	0	135835	2.78	0	0.00
6	Shri Devanshu L. Gandhi	134561	2.76	0	134561	2.76	0	0.00
7	Deval Devanshu Gandhi	119250	2.45	0	119250	2.45	0	0.10
	Virendra Ramchandra Gandhi	0	0	0	118758	2.44	0	2.44
8	Smt Pushpaben L. Gandhi	89387	1.83	0	89387	1.83	0	0.00
9	Virendrabhai R. Gandhi	88267	1.81	0	0	0	0	-1.81
10	Byad Packaging Industries Pvt Ltd.	86300	1.77	0	86300	1.77	0	0.00
11	Mamta Rajesh Gandhi	76316	1.56	0	76316	1.56	0	0.00
12	Smt. Ilaben V. Gandhi	49382	1.01	0	49382	1.01	0	0.00
13	Usha Navinchandra Modi	48544	0.99	0	48544	0.99	0	0
14	Nayana Surendra Choksi	43050	0.88	0	43050	0.88	0	0
15	Shri Ramchandra R. Gandhi	30150	0.61	0	30150	0.61	0	0
16	Shri Janmajay V. Gandhi	29177	0.59	0	37177	0.76	0	0.17
17	Miss Khevna V. Gandhi	28540	0.58	0	28540	0.58	0	0.00
18	Smt. Dharini V. Gandhi	28540	0.58	0	28540	0.58	0	0.00
19	Shri Ramchandra R. Gandhi	26121	0.53	0	26121	0.53	0	0.00
20	Veronica Constructions Private Limited	22400	0.46	0	22400	0.46	0	0.00
21	Virendra R. Gandhi	21668	0.44	0	0	0	0	-0.44
22	Shri Kalpit R. Gandhi	17290	0.35	0	17290	0.35	0	0.00
23	Virendra R. Gandhi	12142	0.25		12466	0.25	0	0.00
24	Dhariniben V. Gandhi	8000	0.16	0	8000	0.16	0	0.00
25	Janmajay V. Gandhi	8000	0.16	0	0	0	0	-0.16
26	Rajesh R. Gandhi	8000	0.16	0	8000	0.16	0	0.00
27	Smt. Pushpaben L. Gandhi	7561	0.15	0	7561	0.15	0	0.00
28	Shri Virendra R. Gandhi	7225	0.15	0	0	0	0	-0.15
29	Shri Rajesh R. Gandhi	6000	0.12	0	6000	0.12	0	0.00
30	Khevnaben V. Gandhi	5200	0.11	0	5200	0.11	0	0.00
31	Rajesh R. Gandhi	4142	0.08	0	4142	0.08	0	0.00
32	Virendrabhai R. Gandhi	2500	0.05	0	2500	0.05	0	0.00
33	Shri Virendra R. Gandhi	1923	0.04	0	0	0	0	-0.04
34	Shri Rajeshbhai R. Gandhi	1283	0.03	0	1283	0.03	0	0.00
35	Shri Rajeshbhai R. Gandhi	1283	0.03	0	1283	0.03	0	0.00
36	Shri Virendrabhai R. Gandhi	1277	0.03	0	1277	0.03	0	0.00

## Vadilal Chemicals Limited

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (31-3-2014)			Shareholding at the end of the year (31-3-2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the	% of Shares Pledged / company encumbered to total	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
37	Smt. Pushpaben L. Gandhi	641	0.01	0	641	0.01	0	0.00
38	Shri Rajesh R. Gandhi	364	0.01	0	364	0.01	0	0.00
39	Devanshu L. Gandhi	100	0	0	100	0	0	0.00
40	Shri Rajesh R. Gandhi	100	0	0	100	0	0	0.00
41	Smt Ila Virendra Gandhi	100	0	0	100	0	0	0.00
42	Smt. Mamta Rajesh Gandhi	100	0	0	100	0	0	0.00
43	Shri Rajesh R. Gandhi	30	0	0	30	0	0	0.00
44	Shri Virendra R. Gandhi	0	0	0	1	0	0	0.00
	<b>TOTAL</b>	<b>4271253</b>	<b>87.63</b>	<b>0</b>	<b>4444903</b>	<b>91.19</b>	<b>0</b>	<b>3.56</b>

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1-4-2014)		Cumulative Shareholding during the year (from 1-4-2014 to 31-3-2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4271253	87.63	4271253	87.63
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	173650	3.56	4444903	91.19
	At the end of the year	4444903	91.19	4444903	91.19

- There is no change in the shareholding position of promoter group except restructuring of one folio i.e. Kalpit Realty & Services Ltd. from Public holding to promoter group.

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1-4-2014)		Cumulative Shareholding during the year (from 1-4-2014 to 31-3-2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/bonus/sweat equity etc):				
	NITABEN ALIAS HEMALI PIYUSH SURATI	6631	0.14	6631	0.14
	ADATIYA HITESHBHAI NAVANITLAL	6600	0.14	6600	0.14
	DIPESHBHAI MAHENDRAKUMAR ADATIA	6600	0.14	6600	0.14
	KRISHNA AMAN KHAJANCHI	4403	0.09	4403	0.09
	VAIBHAVI HIREN GANDHI	4403	0.09	4403	0.09

## Annual Report 2014-2015

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1-4-2014)		Cumulative Shareholding during the year (from 1-4-2014 to 31-3-2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	MANOJKUMAR VADILAL MODI	3844	0.08	3844	0.08
	PUNNU SECURITIES LTD	2500	0.05	2500	0.05
	CHEटना YOGENDRA MODI	2500	0.05	2500	0.05
	YOGENDRA MODI	2500	0.05	2500	0.05
	JAGDISH R. PATEL	2400	0.05	2400	0.05
	<b>At the end of the year</b>				
	NITABEN ALIAS HEMALI PIYUSH SURATI	6631	0.14	6631	0.14
	ADATIYA HITESHBHAI NAVANITLAL	6600	0.14	6600	0.14
	DIPESHBHAI MAHENDRAKUMAR ADATIA	6600	0.14	6600	0.14
	KRISHNA AMAN KHAJANCHI	4403	0.09	4403	0.09
	VAIBHAVI HIREN GANDHI	4403	0.09	4403	0.09
	MANOJKUMAR VADILAL MODI	3844	0.08	3844	0.08
	PUNNU SECURITIES LTD	2500	0.05	2500	0.05
	CHEटना YOGENDRA MODI	2500	0.05	2500	0.05
	YOGENDRA MODI	2500	0.05	2500	0.05
	JAGDISH R. PATEL	2400	0.05	2400	0.05

E) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of Each of the directors and KMP	Shareholding at the beginning of the year (As on 1-4-2014)		Cumulative Shareholding during the year (from 1-4-2014 to 31-3-2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Mr. Rajesh R. Gandhi, Chairman and Managing Director</b>				
	At the beginning of the year	157037	3.22	157037	3.22
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	157037	3.22	157037	3.22
<b>2.</b>	<b>Mr. Devanshu L. Gandhi, Managing Director</b>				
	At the beginning of the year	434661	8.92	434661	8.92
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	434661	8.92	434661	8.92

## Vadilal Chemicals Limited

Sr. No.	Shareholding of Each of the directors and KMP	Shareholding at the beginning of the year (As on 1-4-2014)		Cumulative Shareholding during the year (from 1-4-2014 to 31-3-2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>3.</b>	<b>Mr. Ravi Thakkar, Chief Financial Officer</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0
	At the beginning of the year	0	0	0	0
<b>4.</b>	<b>Mr. Soham Raval, Company Secretary</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	15244415	143807246	23720783	182772444
ii) Interest due but not paid	0	15142848	0	15142848
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	15244415	158950094	23720783	197915292
<b>Change in Indebtedness during the financial year</b>				
* Addition	26643348	0	1577200	28220548
* Reduction	15811298	66364928	1369204	83545430
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	26076465	92585166	23928779	142590410
ii) Interest due but not paid	0	12857504	0	12857504
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	26076465	105442670	23928779	155447914

\* Deposits includes Interest free cylinder Security deposits taken by the company from customers. Further, the company has not taken any Secured / Unsecured deposit from public or members of the company.

## Annual Report 2014-2015

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

#### REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Rajesh R. Gandhi, Chairman and Managing Director	Mr. Devanshu L. Gandhi, Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17 (3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission-as % of profit- others, specify...	0	0	0
5	Others, please specify:Contribution to Provident Fund	0	0	0
	<b>Total (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### B. REMUNERATION TO OTHER DIRECTORS

SN.	Particulars of Remuneration	Name of Directors #							Total Amount (Gross)
		Mr.Rohit J. Patel	Mr. Rajesh K. Pandya	Mr. Jignesh J. Shah	Mr. Udayan R. Patel	Mr. Ashish H. Modi	Mrs. Deval D. Gandhi	Mr. Kalpit R. Gandhi	
1	Independent Directors								
	Fee for attending board committee meetings	48000	64000	68000	52000	48000	0	0	280000
	Commission	0	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0	0
	Total (1)	0	0	0	0	0	0	0	0
2	Other Non-Executive Directors	0	0	0	0	0	0	0	0
	Fee for attending board committee meetings	0	0	0	0	0	8000	8000	16000
	Commission	0	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	48000	8000	8000	16000
	Total (B)=(1+2)	48000	64000	68000	52000	48000	8000	8000	
	<b>Total Managerial Remuneration (A+B)</b>								<b>296000 (Gross)</b>

## Vadilal Chemicals Limited

- # During the year under review, Mr. Virendra R. Gandhi ceased to be director of the company due to non reappointment of members at the last AGM held on 12<sup>th</sup> November, 2014. He did not receive any sitting fees during the period under review.
- # Mrs. Deval D. Gandhi and Mr. Kalpit R. Gandhi were appointed as Additional Directors of the Company on 31-3-2015.
- # Mr. Rajesh K. Pandya resigned from Directorship w.e.f 1<sup>st</sup> April, 2015.

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel	Total
		Mr. Soham Raval, Company Secretary	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,92,452	2,92,452
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	23,810	23,810
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit others, specify...	0	0
5	Others (Gratuity, Medclaim)	5,662	5,662
	<b>Total</b>	<b>3,21,925</b>	<b>3,21,925</b>

**NOTE :** The details of Remuneration of Mr. Ravi Thakkar, Chief Financial Officer has not been provided as he has been appointed as such w.e.f. 1st June, 2015.

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	Nil				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil				
Punishment					
Compounding					

## Annual Report 2014-2015

### ANNEXURE – II TO THE DIRECTORS’ REPORT FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm’s length basis.**

Nil

**2. Details of contracts or arrangements or transactions at Arm’s length basis.**

**I. VADILAL GASES LIMITED**

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vadilal Gases Limited (VGL), a Public Company in which Directors are Directors and holding more than 2% shares alongwith relatives.
b)	Nature of contracts/arrangements/transaction	Purchase and Sell of Industrial Gases by the Company to Vadilal Gases Limited
c)	Duration of the contracts/arrangements/transaction	During the year – 2014-2015
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	VCL, in the ordinary course of business enters into transactions of purchase and sale of industrial Gases from VGL. During the year - 2014-2015, VCL has made purchase Industrial Gases of Rs. 7,88,78,890/- and sold the Industrial Gases to Vadilal Gases Limited of Rs. 2,80,81,815/-
e)	Justification for entering into such contracts or arrangements or transactions’	The Company and VGL, both are engaged in the business of manufacturing of Industrial Gases. VGL is in the business of manufacturing of various grades of Argon & Nitrogen Gases, Calibration Gases, Mixture Gases etc. and sells its products/ materials to VCL, while VCL, after re-labelling the products received from VGL, sells in the open market.
f)	Date of approval by the Board	13-8-2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the Ordinary resolution was passed in General meeting as required under first proviso to section 188	Will be considered in ensuing Annual General Meeting.

**• Other Non Material Related Party Transtion**

**I. VADILAL INDUSTRIES LIMITED**

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vadilal Industries Limited, a Public Company in which Directors are Directors and holding more than 2% shares alongwith relatives.
b)	Nature of contracts/arrangements/transaction	Sell of Industrial Gases by the Company to Vadilal Industries Limited
c)	Duration of the contracts/arrangements/transaction	During the year – 2014-2015

## Vadilal Chemicals Limited

d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company, in ordinary course of business and on principal to principal basis, sold Industrial Gases to VIL of Rs.10,19,326/- during the year 2014-15.
e)	Justification for entering into such contracts or arrangements or transactions'	VIL requires Industrial Gases for its manufacturing units situated at Pundhra and Bareilly. For that purpose, it purchases Industrial Gases from the Company on regular basis.
f)	Date of approval by the Board	13-8-2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	No such approval is required as the transactions are within the threshold limit.

### II. JANMEJAY V. GANDHI

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mr. Janmejy V. Gandhi is son of Mr. Virendra R. Gandhi, the then Director of the company. Mr. Virendra R. Gandhi ceased to be a Director of the Company w.e.f. 12-11-2014.
b)	Nature of contracts/arrangements/transaction	Salary paid to relative of director.
c)	Duration of the contracts/arrangements/transaction	During the year – 2014-2015, the company has paid remuneration of Rs. 374880/- to Mr. Janmejy V. Gandhi.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Mr. Janmejy V. Gandhi is functioning as Chief Executive Officer of the Company. The remuneration paid to Mr. Janmejy V. Gandhi was as per terms and conditions of his appointment and general HR policy of company.
e)	Justification for entering into such contracts or arrangements or transactions'	Mr. Janmejy Gandhi is having 15 years experience in the Chemicals business.
f)	Date of approval by the Board	13-8-2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	No such approval is required as the transactions are within the threshold limit.

### III. JAINA J. GANDHI

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mrs. Jaina J. Gandhi is daughter in law of Mr. Virendra R. Gandhi, the then Director of the company. Mr. Virendra R. Gandhi ceased to be a Director of the Company w.e.f. 12-11-2014.
b)	Nature of contracts/arrangements/transaction	Salary paid to relative of director.
c)	Duration of the contracts/arrangements/transaction	During the year – 2014-2015, the company has paid



## Annual Report 2014-2015

d)	Salient terms of the contracts or arrangements or transaction including the value, if any	remuneration to Mrs. Jainaa J. Gandhi of Rs. 3,65,120/- Mrs. Jaina J. Gandhi is functioning as Vice-president – HR of the Company. The remuneration paid to Mrs. Jaina J. Gandhi was as per terms and conditions of her appointment and general HR policy of company.
e)	Justification for entering into such contracts or arrangements or transactions'	Mrs. Jaina J. Gandhi is having 3 years experience in the respective field.
f)	Date of approval by the Board	13-8-2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	No such approval is required as the transactions are within the threshold limit.

### IV. KHEVNA R. SHAH

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mrs. Khevna R. Shah is daughter of Mr. Virendra R. Gandhi, the then Director of the company. Mr. Virendra R. Gandhi ceased to be a Director of the Company w.e.f. 12-11-2014.
b)	Nature of contracts/arrangements/transaction	Salary paid to relative of director.
c)	Duration of the contracts/arrangements/transaction	During the year – 2014-2015, the company has paid remuneration to Mrs. Khevna R. Shah of Rs. 1,54,450/-.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Mrs. Khevna R. Shah is functioning as President – Purchase of the Company. The remuneration paid to Mrs. Khevna R. Shah was as per terms and conditions of her appointment and general HR policy of company.
e)	Justification for entering into such contracts or arrangements or transactions'	Mrs. Khevna R. Shah is having 3 years experience in the respective field.
f)	Date of approval by the Board	13-8-2015
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	No such approval is required as the transactions are within the threshold limit.

**ANNEXURE – III TO THE DIRECTORS' REPORT  
VADILAL CHEMICALS LIMITED  
NOMINATION AND REMUNERATION POLICY****Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

**Objective and purpose of the Policy:**

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Chemicals industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee at its meeting held on 31<sup>st</sup> March, 2015 and adopted by the Board of Directors at its meeting held on 31<sup>st</sup> March, 2015.

**Effective Date:**

This policy shall be effective from 31<sup>st</sup> March, 2015.

**Constitution of the Nomination and Remuneration Committee:**

The Board has changed the nomenclature of the existing Remuneration Committee of the Company by renaming it as Nomination and Remuneration Committee and by re-constituting it as per the criteria laid down under Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of following Directors:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Rohit J. Patel	Chairman	Independent
2	Mr. Jignesh Shah	Member	Independent
3	Mr. Udayan Patel	Member	Independent

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

**Definitions:**

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Vadilal Chemicals Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means -
  - (i) Chief Executive Officer and / or Managing Director;
  - (ii) Whole-time Director;
  - (iii) Chief Financial Officer;
  - (iv) Company Secretary;
  - (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company.

## Annual Report 2014-2015

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Applicability:**

The Policy is applicable to :

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

### **General:**

- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

### **PART – A**

#### **MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE:**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **PART – B**

#### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

##### **• Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### **• Term / Tenure:**

##### **1. Managing Director/Whole-time Director:**

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### **2. Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and due to reasons of any fraud, mis-appropriation, cheating, siphoning away of funds, breach of duty, breach of trust, mis-management, financial or other irregularities found in the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **PART – C**

#### **POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

- **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 1st October in respect of a Whole-time Director and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break -up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

1. **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of

## Annual Report 2014-2015

Association of the Company and the Companies Act, 2013 and the rules made thereunder.

### 2. **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

### 3. **Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

### 4. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

### **ANNEXURE- IV TO THE DIRECTORS REPORT**

Information as per section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ending on 31<sup>st</sup> March, 2015.

#### **Conservation of Energy:**

##### • **Steps taken or impact on Conservation of Energy:**

The Company has taken measures and applied strict control system to monitor day to day power consumption, to endeavour to ensure the optimal use of energy with minimum extent possible wastage as far as possible.

##### • **The Steps taken by the company for utilising alternate sources of energy:**

The Company is continuously monitoring and making effort for optimum utilization of equipments which ensures to conserve energy during routine operations itself.

##### • **Capital investment on energy conservation equipment:**

There is no specific investment plan for energy conservation.

#### **B. Technology Absorption:**

##### • Efforts in brief, made towards technology absorption, adaption and innovation:

N.A.

##### • Benefits derived as a result of the above efforts e.g. product, improvement, cost reduction, product development, import substitution etc:

N.A.

##### • In case of Imported technology (imported during last five years reckoned from the beginning of the financial year) following information to be furnished :

The Company has not imported any technology hence, the questionnaire is not applicable.

##### • The expenditure incurred on Research and Development :

During the year under review, the Company has not incurred expenditure towards Research and Development.

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

There is no foreign exchange earnings and outgo during the year under review.

Registered Office:  
503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj,  
Mithakhali, Ahmedabad – 380006.  
Date : 10<sup>th</sup> September, 2015.

**BY ORDER OF THE BOARD  
FOR VADILAL CHEMICALS LIMITED  
SD/-  
(RAJESH R GANDHI)  
(DIN: 00009879)  
Chairman & Managing Director**

## ANNEXURE – V TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of  
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

VADILAL CHEMICALS LIMITED

Regd. Off : 503-504, Aditya Building,

Nr. Sardar Patel SevaSamaj, Mithakhali,

Navrangpura, Ahmedabad - 380006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VADILAL CHEMICALS LIMITED** (CIN : L24231GJ1991PLC015390) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31<sup>st</sup> March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company prepared as per the provisions of Companies Act, 2013 as per Annexure I for the Financial Year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (effective from 28-10-2014);]
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at point (c ) to (h) of para (v) mentioned hereinabove during the period under review.

- (iv) We further report that as per information and explanations given by the representatives of the company stating that in view of complexities of product specifications, units at multiple locations (functional as well as non functional) and recent change in the substantial powers of management of the company coupled with functional anarchy in administration of the company, it was not possible to ascertain the other laws which are applicable to the company and its compliance management system prevalent in the company. Therefore, we have not verified the compliance management system relating to other applicable laws as the same could not be quantified in view of complexities of product specifications and functional as well as non-functional manufacturing units at multiple locations.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Ahmedabad Stock Exchange Ltd., The Calcutta Stock exchange Limited, The Madras Stock exchange Ltd and the Delhi Stock Exchange Limited;

However, it was noted that compliance of secretarial standards issued by ICSI were not mandatory as per the Act, as none of the standards were notified during the period under review.

During the period under review, we were given to understand that the company is in process of implementing adequate

## Annual Report 2014-2015

compliance management system for compliance with the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove. Statutory registers and records as required under The Companies Act, 2013 and Rules made there under for the current financial year covering period from 24<sup>th</sup> May, 2014 to 31<sup>st</sup> March, 2015 were available for our verification.

Moreover, while verifying compliance with the provisions of SCRA and SCRR as well as clauses of listing agreement, the data relating to shareholding pattern revealed that the promoters are holding 91% of the total share capital of the company and criteria of minimum public holding of 25% has not been maintained.

We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under the above referred laws and regulations applicable to the Company.

I further report that the compliance by the company of the direct and indirect tax laws has not been reviewed during this audit as the same had been subject to review by the statutory financial audit and other designated professionals. However, it has been inferred from the Auditors report as well as Note 20 relating to contingent liabilities forming part of the financials that there were certain statutory dues relating to taxes and duties which were under dispute and company had filed appeal before the appropriate authorities to resolve the disputed matters relating to taxes.

Moreover, it has been noted from the Minutes Book of the company that substantial powers of day today administration and management of the company of Mr. Virendra Gandhi, as the then Managing Director of the company were withdrawn by the Board of Directors at its meeting held on 24/05/2014 and said powers were assigned to other two Managing directors of the company i.e. Mr. Rajesh Gandhi and Mr. Devanshu Gandhi. Further, Mr. Virendra Gandhi, whose office was liable to retire by rotation at the 23<sup>rd</sup> Annual General Meeting of the company held on 12/11/2014 and was not reappointed as a Director of the Company due to non-approval by the Members and hence, ceased to be a Director of the Company with effect from date of the 23<sup>rd</sup> Annual General Meeting i.e. 12/11/2014.

We further report that M/s Votex Ice cream Pvt. Ltd., Mr. Virendra Gandhi and others had preferred a petition before Company Law Board for oppression and mismanagement u/s 397,398, 402 and other applicable provisions of the Companies Act, 1956 against the then Directors of the Company. As per the petition and rejoinders filed by the parties, allegations and counter allegations for violations of various provisions of the Companies Act have been made by both the parties, however, the matter is subjudice. In terms of an interim order dated 11/05/2015 passed by Hon'ble Company Law Board, Mumbai Bench, the respondent company has been permitted to dispose off some of the properties of the company by passing necessary resolutions by the process of Postal ballot. However, it was stipulated in the order that an observer agreeable to both the parties should be appointed subject to approval of CLB under whose supervision the transaction of disposal of the properties of the company should be carried out. As per interim order, the company has initiated process of passing of resolution by postal ballot under section 180 (1) (a) of The Companies Act, 2013 read with applicable rules.

### I further report that

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Proper notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, whereas in case of shorter notice, proper process was followed. Moreover a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever required.

**I further report that** as informed by the management, the company is in process of improving systems and processes established in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines referred hereinabove.

**I further report that** during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above except passing of resolution under section 180 (1) (a) and 180 (1) (c) of The companies Act, 2013 for powers to borrow and create charge etc. upto an amount of Rs. 75 Crores. Similarly, the company has initiated a process of passing of resolution by postal ballot to give powers to the Board of Directors to dispose off properties of the company under section 180 (1) (a) of The Companies Act, 2013 as permitted by an interim order passed on 13/05/2015 by the Company Law Board, Mumbai Bench.

Signature : Sd/-  
Name of practicing C S : Ashish C. Doshi, Partner  
SPANJ & ASSOCIATES  
Company Secretaries

Place: Ahmedabad  
Date: August 13, 2015

ACS/FCS No. : F3544  
C P No : 2356

Note : This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**ANNEXURE -A**

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee along with Attendance Register held during the period under report.
3. Minutes of General Body Meetings held during the period under report.
4. Statutory Registers/Records under the Companies Act and rules made there under viz.
  - Register of Directors & KMP
  - Register of Directors' Shareholding
  - Register of loans, guarantees and security and acquisition made by the Company
  - Register of Members
  - Periodical BENPOS, Registers of DEMAT/REMAT and records made available from RTA
5. Agenda papers for the Board Meetings and Committee Meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 299 of the Companies Act, 1956 and 184 of the Companies Act, 2013.
7. Intimations received from directors under the prohibition of Insider Trading and SEBI Takeover Code.
8. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the period under report.
9. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the period under report.
10. Communications/ Letters issued to and acknowledgements received from the Independent directors for their appointment
11. Various policies framed by the company from time to time as required under the applicable provisions of The Companies Act as well as relevant clauses of listing agreement/SEBI Regulations.

**Annexure – B**

To,  
The Members  
VADILAL CHEMICALS LIMITED  
Regd. Off : 503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj, Mithakhali,  
Navrangpura, Ahmedabad - 380006

Sir,

Sub : Secretarial Audit Report for the Financial Year ended on 31<sup>st</sup> March, 2015

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature : Sd/-  
Name of practicing C S : Ashish C. Doshi, Partner  
SPANJ & ASSOCIATES  
Company Secretaries

Place: Ahmedabad  
Date: August 13, 2015

ACS/FCS No. : F3544  
C P No : 2356



## Annual Report 2014-2015

### ANNEXURE – VI to the Directors' Report:

#### PARTICULARS OF EMPLOYEES:

The information required under Section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Name of the Managing Directors, Chief Financial Officer and Company Secretary	Ratio to median remuneration of the employees	% increase in remuneration in the financial year	Comparison of the Remuneration of the KMP against the performance of the Company.
Mr. Rajesh R. Gandhi, Chairman and Managing Director @	N.A.	N.A.	% of Net Increase in after tax profit as compared to last year : 246.66%
Mr. Devanshu L. Gandhi, Managing Director @	N.A.	N.A.	
Mr. Ravi Thakkar, Chief Financial Officer #	N.A.	N.A.	
Mr. Soham Raval, Company Secretary \$	N.A.	N.A.	

# Appointed w.e.f. 1st June, 2015 and hence, the said data are not provided.

\$ Appointed for part of the year and hence, the said data are not comparable.

@ The Managing Directors of the Company are not drawing any remuneration from the Company. The Company does not pay any remuneration to the Non-executive Directors except sitting fees for attending Board and Committee Meetings.

- b. The percentage increase in the median remuneration of employees in the financial year: 9.20%
- c. The number of permanent employees on the rolls of Company: 47
- d. The explanation on the relationship between average increase in remuneration and Company performance: On an average, employees received an annual increase of 10%. The individual increments varied from 6% to 12%, based on individual performance.  
In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.
- e. Market capitalisation of the Company & price earnings ratio:  
The Company's shares are not frequently traded in the Stock Exchange and hence, the details of Market Capitalisation are not provided.  
The Earning Per Share of the Company as on 31-03-2015 is ₹ 1.22, as compared to ₹ -0.84 as on 31-3-2014.
- f. The average annual increase was around 10%. The Managing Directors are not drawing any remuneration from the Company and hence, the average percentile increase in the remuneration of employees is not comparable with that of Managing Directors.
- g. The key parameters for any variable component of remuneration in case of Managing Directors of the Company is linked with the Company performance. In case of other key managerial personnel(s), the same is linked with Company performance and individual performance.
- h. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:  
Not applicable.
- i. The Company affirms remuneration is as per the remuneration policy of the Company.
- J. The Statement of particulars of employees under Section 197(12) read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is not provided with as, during the financial year under review, no employee of the Company including Managing Directors was in receipt of remuneration in excess of the limits set out in the said rules.

Registered Office:  
503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj,  
Mithakhali, Ahmedabad – 380006.  
Date : 10<sup>th</sup> September, 2015.

**BY ORDER OF THE BOARD  
FOR VADILAL CHEMICALS LIMITED**  
SD/-  
**(RAJESH R GANDHI)**  
(DIN: 00009879)  
Chairman & Managing Director

**Independent Auditors' Report**

To the Members of,  
**Vadilal Chemicals Limited**  
**Report On the Financial Statements**

We have audited the accompanying financial statements of **Vadilal Chemicals Limited**, which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

**Independent Auditors' Report**

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure A statement on the matters specified in the said Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. 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.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2015, and taken

## Annual Report 2014-2015

on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigation's on its financial position in its financial statements – Refer Note 20 to the financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **RRS & Associates**  
Chartered Accountants  
(Registration No. 118336W)

**Rajesh R. Shah**  
Partner  
Membership No.: 034549

Ahmedabad  
Date: 01/06/2015

### Annexure A to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

1. (a) As informed to us, the company is in process of updating of proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) All the fixed assets have been physically verified by the management at reasonable intervals, and no material discrepancies were noticed on such verification, and the same have been properly dealt with in the books of account.
2. (a) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion frequency of verification is reasonable.  
(b) As per information given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification and the same have been properly dealt with in the books of account.
3. As per explanation and information given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
4. In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. As per explanation and information given to us, the company has not accepted deposits from public.
6. Maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act; hence this clause is not applicable to the company.
7. (a) Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding at the last day of the financial year concerned for a period of more than six months from the date they became payable.  
(b) According to the records of the company and on the basis of information and explanation given to us, disputed statutory dues that have not been deposited as on 31/3/2015 are E.S.I.C for the year 2005-2006, pending before E.S.I.C court, amounting to Rs. 2,13,160/-. Another dispute of Excise of the year 1997 to 2003 is pending before the supreme court, amounting to Rs. 37,00,000/-.

- (c) In our opinion, no amount required to be transferred to investor education and protection fund; hence this clause is not applicable to the company.
8. In our opinion and according to the records of the company, the company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
  9. In our opinion and according to information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
  10. According to information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
  11. According to information and explanation given to us, during the year the company had obtained the term loans, which were utilized for the repayment of unsecured loan of Rs. 1,76,84,088.
  12. During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, and according to information and explanation given to us, we have neither come across any instance of fraud on or by the company, nor such type of case been informed to us by the management.

Place: Ahmedabad

Date: 01/06/2015

For, RRS & ASSOCIATES  
Chartered Accountants  
(FRN: 118336W)

Rajesh R. Shah  
Partner  
M. No. 034549

# Annual Report 2014-2015

## BALANCE SHEET AS AT 31ST MARCH, 2015

	NOTE	As At 31.03.2015 ₹	As At 31.03.2014 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	48,740,000	48,740,000
(b) Reserves and Surplus	3	36,803,833	33,262,184
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	115,503,669	162,864,043
(b) Deferred Tax Liabilities (Net)	5	8,000,340	10,919,067
(c) Long Term Provisions	6	494,200	359,101
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	7	28,449,127	23,720,783
(b) Trade Payables	8	17,597,133	7,716,076
(c) Other Current Liabilities	9	15,737,897	14,376,306
(d) Short-Term Provisions	10	3,572,725	1,989,288
<b>Total</b>		<b>274,898,924</b>	<b>303,946,848</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	11		
Tangible Assets		95,409,855	97,287,205
Intangible Assets		360,080	135,457
(b) Non-current investments	12	3,664,435	1,014,435
(c) Long term loans and advances	13	2,063,475	2,110,515
(d) Other non-current assets	14	77,929	72,076
<b>(2) Current Assets</b>			
(a) Inventories	15	11,201,000	9,969,283
(b) Trade receivables	16	78,220,107	82,904,628
(c) Cash and bank balances	17	15,488,157	18,484,477
(d) Short-term loans and advances	18	20,875,819	33,098,930
(e) Other current assets	19	47,538,067	58,869,842
<b>Total</b>		<b>274,898,924</b>	<b>303,946,848</b>

The accompanying notes are an integral parts of financial statements.

As per our report of even date attached.

FOR R R S & Associates  
Chartered Accountants  
(Firm Reg. No.: 118336W)

For and on behalf of the Board of Directors

Rajesh R. Shah  
(Partner)  
Membership No. : 034549

Rajesh R. Gandhi  
Devanshu L. Gandhi  
Ravi Thakkar  
Soham Raval

Chairman & Managing Director  
Managing Director  
Chief Financial Officer  
Company Secretary

PLACE : AHMEDABAD

DATE : 01/06/2015

PLACE : AHMEDABAD

DATE : 01/06/2015

## Vadilal Chemicals Limited

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	NOTE	Year Ended 31.03.2015 ₹	Year Ended 31.03.2014 ₹
<b>I INCOME :</b>			
Revenue from operations (Gross)			
Sale of Products	21	448,845,107	409,127,506
Less : Excise Duty		30,956,730	30,585,070
Revenue from operations (Net)		417,888,377	378,542,436
Other Income	22	3,801,833	7,821,993
<b>Total Revenue (I)</b>		<b>421,690,210</b>	<b>386,364,429</b>
<b>II EXPENSES :</b>			
Cost of materials consumed	23	143,693,940	136,208,489
Purchase of Stock-in-Trade		159,520,253	127,535,116
Changes in inventories of Finished Goods, WIP & Stock in trade	24	(482,657)	1,149,463
Employee Benefit Expense	25	16,852,693	17,111,166
Financial Costs	26	15,432,697	18,299,406
Depreciation and Amortisation Expense	11	13,275,003	26,363,603
Other Expenses	27	65,415,083	66,441,286
<b>Total Expenses (II)</b>		<b>413,707,012</b>	<b>393,108,528</b>
<b>III Profit before tax (I-II)</b>		<b>7,983,198</b>	<b>(6,744,100)</b>
<b>IV Tax expense:</b>			
(1) Current tax		3,810,000	1,710,000
(2) ( Excess ) / Short Provision for earlier year		37,052	(153,522)
(3) Deferred tax		(1,833,137)	(4,230,193)
<b>V Profit/(Loss) for the period</b>		<b>5,969,283</b>	<b>(4,070,385)</b>
<b>VI Earning per equity share: (Face value ₹ 10/- each)</b>	<b>30</b>		
Basic and Diluted		1.22	(0.84)

The accompanying notes are an integral parts of Profit & Loss Statement.

As per our report of even date attached.

FOR R R S & Associates  
Chartered Accountants  
(Firm Reg. No.: 118336W)

For and on behalf of the Board of Directors

Rajesh R. Shah  
(Partner)  
Membership No. : 034549

Rajesh R. Gandhi  
Devanshu L. Gandhi  
Ravi Thakkar  
Soham Raval

Chairman & Managing Director  
Managing Director  
Chief Financial Officer  
Company Secretary

PLACE : AHMEDABAD  
DATE : 01/06/2015

PLACE : AHMEDABAD  
DATE : 01/06/2015

## Annual Report 2014-2015

### CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

	For the year ended 31.03.2015 (₹)	For the year ended 31.03.2014 (₹)
<b>A. CASH FLOW FROM OPERATIVE ACTIVITIES</b>		
Net Profit / (Loss) before tax	7,983,198	(6,744,100)
<u>Adjustment for :</u>		
Depreciation	13,275,005	26,363,603
Interest Income	(703,434)	(2,356,191)
Dividend Income	(7,072)	(120)
Interest Paid	15,432,697	18,299,406
(Profit) / Loss on sales of assets	(113,379)	(1,714,643)
(Profit) / Loss from Partnership Firm	(33,719)	35,306
<b>Operating Profit before working capital changes</b>	<b>35,833,296</b>	<b>33,883,261</b>
Add / Less : Changes in assets and liabilities		
(Increase)/ Decrease in Assets	25,550,218	(61,873,750)
Increase / ( Decrease) in Liabilities	12,796,532	(3,456,565)
Cash generated from operation	74,180,046	(31,447,054)
Income tax paid	(2,314,680)	(4,178,673)
<b>Net cash flow from Operating Activity</b>	<b>71,865,366</b>	<b>(35,625,727)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets	(15,159,238)	(8,247,180)
Sales of Fixed Assets	137,120	1,909,569
Investment in Partnership firm	(2,650,000)	-
Fixed Deposit with Bank	(4,233,362)	52,189,043
Dividend Received	7,072	120
Interest Received	703,434	2,356,191
<b>Net Cash used in Investing Activities</b>	<b>(21,194,974)</b>	<b>48,207,743</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Interest Paid	(15,432,697)	(18,299,406)
Proceed/(Repayment) of Short term borrowings	4,728,344	(30,167,866)
Proceed/(Repayment) of Long term borrowings	(47,195,722)	5,875,793
<b>Net Cash used in Financing Activities</b>	<b>(57,900,075)</b>	<b>(42,591,479)</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents Total (A+B+C)</b>	<b>(7,229,682)</b>	<b>(30,009,463)</b>
<b>Cash &amp; Cash Equivalents At The Beginning Of The Year</b>		
Cash on Hand	257,081	353,635
Bank Balance	15,854,181	45,841,591
Fixed Deposits For Less Than 3 Months	1,339,322	1,264,821
	<b>17,450,584</b>	<b>47,460,047</b>
<b>Cash &amp; Cash Equivalents At The End Of The Year</b>		
Cash on Hand	439,666	257,081
Bank Balance	9,021,112	15,854,181
Fixed Deposits For Less Than 3 Months	760,124	1,339,322
	<b>10,220,902</b>	<b>17,450,584</b>

**Notes :**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
2. The figures in brackets represent outflows.
3. Previous periods figures have been regrouped/ reclassified, wherever necessary, to confirm to current year presentation.

As per our report of even date attached.

For and on behalf of the Board

FOR R R S & Associates  
Chartered Accountants  
(Firm Reg. No.: 118336W)

Rajesh R. Shah  
(Partner)  
Membership No. : 034549

Rajesh R. Gandhi  
Devanshu L. Gandhi  
Ravi Thakkar  
Soham Raval

Chairman & Managing Director  
Managing Director  
Chief Financial Officer  
Company Secretary

PLACE : AHMEDABAD

PLACE : AHMEDABAD

DATE : 01/06/2015

DATE : 01/06/2015

**Note 1****SIGNIFICANT ACCOUNTING POLICIES :****(1) BASIS OF PREPARATION OF ACCOUNTS**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including accounting standards notified there under.

**(2) USE OF ESTIMATES:**

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

**(3) SALE/REVENUE RECOGNITION:**

- (i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax, central sales tax and trade discount/rebate.
- (ii) Income from partnership firm in which company is a Partner is accounted on the basis of provisional accounts subject to audit of said Partnership firm.
- (ii) Dividend income is accounted for when the right to receive it is established. Interest on deposits is recognized on accrual basis.

**(4) FIXED ASSETS:**

Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

**(5) DEPRECIATION:**

Depreciation is provided on the straight line method (SLM). Depreciation is provided based on useful life of the assets as prescribed in schedule II to the Companies Act, 2013.

The Company Capitalizes software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 years on straight line method.

**(6) CASH FLOW :**

The Cash flow statement is prepared by the "Indirect Method" Set out in Accounting Standard 3 on "Cash Flow Statements" and present the cash flow by operating, Investing and financing activities of the company.

Cash and Cash equivalents presented in the cash flow statement consist of cash on hand and other current account balance / deposits with the bank.

**(7) INVESTMENT:**

Long term investments are stated at cost. Provision is made to recognize a diminution, other than temporary, in the value of investments. Investment that are readily realizable and intended to be held for not more than a year are classified as current investments.

Current investment are carried at the lower of cost or fair value determined on an individual investment basis.

**(8) INVENTORIES:**

Inventory of Raw Material and Stores & Spares are valued at cost on First in First out (FIFO) basis or net realizable value which ever is lower.

Cost of finished goods and work in progress includes cost of material consumed, labour and systematic allocation of variable and fixed Production overhead. Finished products include excise duty wherever applicable.

**(9) EMPLOYEE BENEFITS:****(a) Short Term**

Short term employee benefits are recognized as an expense as the undiscounted amount expected to be paid over the period of services rendered by the employee to the company.



## Annual Report 2014-2015

### (b) Long Term

The Company has both defined contribution and defined benefit Plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

### (c) Defined Contribution Plans

These are plan in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee perform the services that the payment covers.

### (d) Defined Benefit Plan

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitment are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

### (e) Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encased or veiled in twelve months immediately following the year and are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

### (10) FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the profit and loss account.

Current assets and current liabilities are translated at year end exchange rates. The resulting gains and losses are appropriately recognized in the Profit and Loss account. Non monetary item are reported using exchanged rate prevailing on the date of transaction.

Gains or Losses on settlement, in a subsequent period of transactions entered in to in an earlier period are credited or charged to Profit and Loss account.

### (11) BORROWING COST:

Borrowing cost incurred in relation to 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.

### (12) EARNING PER SHARE:

Basic Earning per share is calculated by dividing the net profit after tax for the year attributable to Equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

### (13) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized but the same is disclosed in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

### (14) TAXES ON INCOME :

Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable and virtual certainty as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realizes.

## Vadilal Chemicals Limited

	As At 31.03.2015 ₹		As At 31.03.2014 ₹
<b>Note : 2</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORIZED SHARES</b>			
1,00,00,000 Equity Shares of ₹10/- each.	<b>100,000,000</b>		100,000,000
	<u>100,000,000</u>		<u>100,000,000</u>
<b>ISSUED , SUBSCRIBED &amp; FULLY PAID UP SHARES</b>			
<b>ISSUED :</b>			
5009500 Equity Shares of ₹10/- each (P.Y. 5009500 Equity Shares of ₹10/- each)	<b>50,095,000</b>		50,095,000
<b>SUBSCRIBED &amp; FULLY PAID-UP :</b>			
4874000 Equity Share of ₹10/- each Fully Paid-up (P.Y.4874000 Equity Share of ₹10/- each Fully Paid-up)	<b>48,740,000</b>		48,740,000
<b>Total</b>	<b>48,740,000</b>		<b>48,740,000</b>
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>			
	<b>31st March, 2015</b>		<b>31st March, 2014</b>
	(Nos)	₹	(Nos) ₹
<b>Equity Shares</b>			
<b>At the beginning of the period</b>	48,74,000	48,740,000	48,74,000 48,740,000
<b>Add :- Shares issued during the year</b>	-	-	- -
<b>Less :- Shares Bought back during the year</b>	-	-	- -
<b>Outstanding at the end of the period</b>	<b>48,74,000</b>	<b>48,740,000</b>	48,74,000 48,740,000
<b>b. Terms/ rights attached to equity shares</b>			
The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.			
In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
<b>c. Details of shareholders holding more than 5% shares in the company</b>			
	<b>31st March, 2015</b>		<b>31st March, 2014</b>
	(Nos)	(%holding in the class)	(Nos) (%holding in the class)
Equity shares of ₹ 10/- each fully paid			
Vadilal International Pvt.Ltd.	2,013,204	41.30	2,013,204 41.30
Devanshu L. Gandhi	434,661	8.92	434,661 8.92
Vadilal Marketing Pvt.Ltd.	423,650	8.69	423,650 8.69
Vortex Ice-Cream Pvt.Ltd.	383,650	7.87	383,650 7.87
	As At 31.03.2015 ₹		As At 31.03.2014 ₹
<b>Note : 3</b>			
<b>RESERVE &amp; SURPLUS</b>			
<b>Capital Reserve</b>	(A)	<b>1,493,788</b>	1,493,788
<b>Securities Premium Account</b>	(B)	<b>15,289,734</b>	15,289,734
<b>General Reserve</b>			
Balance as per last account		<b>9,388,000</b>	9,388,000
Adjustment relating to fixed assets (Net)		<b>(2,427,635)</b>	-
	(C)	<b>6,960,365</b>	<u>9,388,000</u>

## Annual Report 2014-2015

		As At 31.03.2015 ₹	As At 31.03.2014 ₹			
<b>Surplus /(Deficit) in the Statement of Profit &amp; Loss</b>						
Balance as per last Financial Statement		7,090,662	11,161,046			
Add : Profit for the year		5,969,283	(4,070,385)			
Less : Appropriations		-	-			
<b>Net surplus/(Deficit) in the statement of profit and loss</b>	(D)	<u>13,059,945</u>	<u>7,090,662</u>			
<b>Total</b>	<b>(A+B+C+D)</b>	<u><u>36,803,833</u></u>	<u><u>33,262,184</u></u>			
<b>Note : 4</b>						
<b>LONG TERM BORROWINGS</b>						
<b>Vehicle Loan (Secured)</b>						
- From Bank and Financial Institution(Secured against Vehicle)		21,556,117	15,244,415			
Less: Current maturities of vehicle loan		<u>(11,495,118)</u>	<u>(11,330,466)</u>			
	<b>(A)</b>	<u>10,060,999</u>	<u>3,913,949</u>			
<b>Loans &amp; Advances from Related Parties (Unsecured)</b>						
Veronica Construction Pvt. Ltd. *		105,442,670	158,950,094			
	<b>(B)</b>	<u>105,442,670</u>	<u>158,950,094</u>			
<b>The Above amount includes :</b>						
Secured Borrowing		21,556,117	15,244,415			
Unsecured Borrowing		105,442,670	158,950,094			
<b>Total</b>	<b>(A + B)</b>	<u><u>115,503,669</u></u>	<u><u>162,864,043</u></u>			
<b>Repayment Schedule of Vehicle Loan :</b>						
Particulars	Rate of Interest ₹	As at 31.03.2015 ₹	2015-16 ₹	2016-17 ₹	2017-18 ₹	2018-19 ₹
<b>Vehicle Loan</b>						
ICICI BANK LTD.	12.49%	13,493,180	4,900,116	5,548,893	3,044,171	-
ICICI BANK LTD.	9.99%	195,120	195,120	-	-	-
ICICI BANK LTD.	11.50%	46,871	46,871	-	-	-
ICICI BANK LTD.	12.00%	24,666	24,666	-	-	-
ICICI BANK LTD.	10.51%	286,423	286,423	-	-	-
ICICI BANK LTD.	9.74%	930,074	930,074	-	-	-
DAIMLER FINANCIAL HP LOAN.	10.01%	2,084,975	1,592,362	492,613	-	-
HDB FINANCIAL SERVICES HP LOAN.	13.75%	4,494,808	3,519,485	975,323	-	-
<b>Total</b>		<u>21,556,117</u>	<u>11,495,117</u>	<u>7,016,829</u>	<u>3,044,171</u>	<u>-</u>
* The Company has taken a loan from Veronica Construction Private Limited @ 10.50%. The Repayment schedule for the same is not fixed and the amount is paid depending on the liquidity & financial requirement of the company. Accordingly, management is of the view that this loan is repayable after period of 12 months.						
		As At 31.03.2015 ₹	As At 31.03.2014 ₹			
<b>Note : 5</b>						
<b>DEFERRED TAX LIABILITY (Net)</b>						
<b>Deferred Tax Liability</b>						
<b>Arising on accounts of timing difference of :-</b>						
Fixed Asset -						
Impact of difference between Tax depreciation & Depreciation Charged for Financial Reporting		9,422,492	12,187,422			
	<b>(A)</b>	<u>9,422,492</u>	<u>12,187,422</u>			
<b>Deferred Tax Assets</b>						
<b>Arising on accounts of timing difference of :-</b>						
Gratuity		723,858	613,649			
Leave Encashment		522,537	504,831			
Bonus		175,757	149,875			
	<b>(B)</b>	<u>1,422,152</u>	<u>1,268,355</u>			
<b>Net Deferred Tax Liability</b>	<b>(A-B)</b>	<u><u>8,000,340</u></u>	<u><u>10,919,067</u></u>			

## Vadilal Chemicals Limited

	As At 31.03.2015 ₹	As At 31.03.2014 ₹
<b>Note : 6</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision from Employee Benefits :</b>		
- Leave Encashment	494,200	359,101
<b>Total</b>	<u>494,200</u>	<u>359,101</u>
<b>Note : 7</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
- From Banks (Bank Overdraft against FD From Bank of Baroda-A'bad)	4,520,348	-
Cylinder Deposit (Interest Free) (Against Company Cylinders with Customers)	23,928,779	23,720,783
<b>Total</b>	<u>28,449,127</u>	<u>23,720,783</u>
<b>Note : 8</b>		
<b>TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises *	-	-
Others	17,597,133	7,716,076
<b>Total</b>	<u>17,597,133</u>	<u>7,716,076</u>
* In the absence of information regarding the status of creditors As Micro - Small & Medium Enterprise in accordance with Micro, Small & Medium Enterprise Development Act, 2006, the disclosure regarding amount due to such parties as at Balance sheet date and provision for interest liability thereon as per the requirement under the said Act, has not been made.		
	As At 31.03.2015 ₹	As At 31.03.2014 ₹
<b>Note : 9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
<b>Current Maturities of Long term borrowings</b>		
- From Banks and Financial Institutions(Secured against Vehicles)	11,495,118	11,330,466
Rent Deposit	465,600	630,600
<b>Other Payable</b>		
Statutory dues payable*	2,209,887	1,355,502
Advance From Customers	1,567,292	1,059,738
<b>Total</b>	<u>15,737,897</u>	<u>14,376,306</u>
<b>The Above amount includes :</b>		
Secured Borrowing	11,495,118	11,330,466
<b>Total</b>	<u>11,495,118</u>	<u>11,330,466</u>
* It includes Excise, Vat, Tds, Professional tax etc		
<b>Note : 10</b>		
<b>SHORT TERM PROVISION</b>		
<b>Provision for Employee Benefits :</b>		
- Leave Encashment	1,406,740	1,196,858
- Bonus	568,792	461,936
<b>Others :</b>		
- Provision for Expenses	1,597,193	330,494
<b>Total</b>	<u>3,572,725</u>	<u>1,989,288</u>

## Annual Report 2014-2015

**Note : 11**

### TANGIBLE FIXED ASSETS

(Amount in ₹)

PARTICULARS	OPENING BALANCE 01.04.2014	ADDITION DURING THE YEAR	GROSS BLOCK		DEPRECIATION BLOCK			NET BLOCK		
			DEDUCTION	CLOSING BALANCE 31.03.2015	OPENING BALANCE 01.04.2014	PROVIDED DURING THE YEAR	DEDUCTION TRANSFER	CLOSING BALANCE 31.03.2015	BALANCE AS ON 31.03.2015	BALANCE AS ON 31.03.2014
LAND	11,529,749	-	-	11,529,749	-	-	-	-	11,529,749	11,529,749
FACTORY BUILDING	15,312,755	862,066	-	16,174,821	8,785,178	578,554	-	9,363,732	6,811,089	6,527,577
OFFICE BUILDING	6,821,873	-	-	6,821,873	1,842,744	115,914	-	1,958,658	4,863,215	4,979,129
CARPETED ROAD (RCC)	-	11,344,554	-	11,344,554	-	658,917	-	658,917	10,685,637	-
PLANT & MACHINERY	18,764,468	2,394,540	-	21,159,008	10,874,846	3,020,293	-	13,895,139	7,263,869	7,889,622
FURNITURE	7,208,689	33,810	-	7,242,499	5,576,230	250,598	-	5,826,828	1,415,671	1,632,459
OFFICE EQUIPMENT	3,217,302	90,528	-	3,307,830	1,534,787	1,445,262	-	2,980,049	327,781	1,682,515
COMPUTER	4,555,598	104,780	-	4,660,378	3,928,235	542,055	-	4,470,290	190,088	627,363
GAS CYLINDERS & TANKS	216,800,291	-	117,724	216,682,567	190,621,873	2,602,523	93,983	193,130,413	23,552,154	26,178,418
TRANSPORT VEHICLE	69,997,818	-	-	69,997,818	33,757,446	7,469,771	-	41,227,217	28,770,601	36,240,372
<b>TOTAL</b>	<b>354,208,543</b>	<b>14,830,278</b>	<b>117,724</b>	<b>368,921,097</b>	<b>256,921,339</b>	<b>16,683,886</b>	<b>93,983</b>	<b>273,511,242</b>	<b>95,409,855</b>	<b>97,287,205</b>
INTEGIBLE ASSETS	224,720	328,960	-	553,680	89,263	104,337	-	193,600	360,080	135,457
<b>GRAND TOTAL</b>	<b>354,433,263</b>	<b>15,159,238</b>	<b>117,724</b>	<b>369,474,777</b>	<b>257,010,602</b>	<b>16,788,223</b>	<b>93,983</b>	<b>273,704,842</b>	<b>95,769,935</b>	<b>97,422,662</b>

**Note : 11.1**

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated over the remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted, in the opening balance of General Reserve amounting to ₹ 35.13 Lacs.

**Note : 12**

### NON - CURRENT INVESTMENT

	No. of Shares	As At	As At
		31.03.2015 ₹	31.03.2014 ₹
<b>Trade Investments (valued at cost unless stated otherwise)</b>			
<b>Investment in Equity Instruments</b>			
<b>In Equity Shares of Associate Company</b>			
<b>Quoted, fully paid up</b>			
Vadilal Enterprise Ltd. of ₹ 10/- each	100 (100)	1,835	1,835
<b>Others</b>			
Maharashtra Polybotens Ltd of ₹ 1/- each	150 (150)	12,350	12,350
Unimers India Ltd. of ₹ 10/- each	200 (200)	7,250	7,250
<b>Total (a)</b>		<u>21,435</u>	<u>21,435</u>
<b>Unquoted, fully paid-up</b>			
<b>Others</b>			
Vadilal Forex and Consultancy Services Ltd. of ₹ 10/- each	70000 (70000)	700,000	700,000
Kalpiti Realty & Services Ltd. of ₹ 10/- each	30000 (30000)	3,000	3,000
<b>Total (b)</b>		<u>703,000</u>	<u>703,000</u>
<b>Total (a + b)</b>		<u>724,435</u>	<u>724,435</u>
<b>Investment in Partnership Firm</b>			
M/s. Vadilal Cold Storage *(Refer Note below)		2,940,000	290,000
<b>Total (c)</b>		<u>2,940,000</u>	<u>290,000</u>
<b>Grand Total (a+b+c)</b>		<u>3,664,435</u>	<u>1,014,435</u>
<b>Aggregate market value of quoted investments</b>		26,689	16,648
<b>Aggregate total quoted investments</b>		21,435	21,435
<b>Aggregate total Unquoted investments</b>		703,000	703,000

Note : Figures in brackets are related to Previous Year.

## Vadilal Chemicals Limited

	As At 31.03.2015 ₹	As At 31.03.2014 ₹
<b>*Details of Investment in Partnership Firm -</b>		
The company continues to be a partner in the following partnership firm. The details Regarding investment in the total capital of the Partnership firm as well as Profit/Loss Sharing ratio of the company along with other Partners is stated hereunder.		
<b>Investment in Vadilal Cold Storage</b>		
Total Capital of the Firm	16,940,000	14,290,000
<b>Investment in :-</b>		
Capital Account	2,940,000	290,000
Current Account (Refer Note 13 Long Term Loans & Advances)	563,846	567,181
	3,503,846	857,181
Name of the partners and share in profit (%)		
M/s. Vadilal Chemicals Limited.	2%	2%
M/s. Vadilal Industries Limited.	98%	98%
<b>Note : 13</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
Security Deposit	1,362,938	1,312,938
<b>Other Loans and advances</b>		
Advance to Vadilal Cold Storage (Balance in current account with Firm in which company is a partner)	563,846	530,128
Prepaid Expenses	79,709	106,330
Loans to Employees	21,481	125,619
Security Deposit with Sales tax Authorities	35,500	35,500
<b>Total</b>	2,063,475	2,110,515
<b>Note : 14</b>		
<b>OTHER NON CURRENT ASSETS</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
In Margin Money Deposit (Ags Bank Guaratnee)	77,929	72,076
<b>Total</b>	77,929	72,076
<b>Note : 15</b>		
<b>INVENTORIES</b>		
Raw Material	4,106,655	3,424,939
Finished Goods	784,312	465,737
Stock-in-Trade	5,516,715	5,352,633
Stores & Spares	786,990	719,384
Share Of RPL	6,328	6,590
<b>Total</b>	11,201,000	9,969,283
<b>Note : 16</b>		
<b>TRADE RECEIVABLES</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
a) Unsecured, Considered Good :	3,604,223	12,968,331
<b>Others</b>		
a) Unsecured, Considered Good :	74,615,884	69,936,297
<b>Total</b>	78,220,107	82,904,628

## Annual Report 2014-2015

	As At 31.03.2015 ₹	As At 31.03.2014 ₹
<b>Note : 17</b>		
<b>CASH &amp; BANK BALANCES</b>		
<b>Balances with banks</b>		
<b>Cash and Cash equivalents</b>		
Balance with Bank -In current account	9,021,112	15,854,181
Cash on hand	439,666	257,081
<b>Others</b>		
In Fixed Deposit with original maturity of less than three months	760,124	1,339,322
(A)	<u>10,220,902</u>	<u>17,450,584</u>
<b>Other Bank Balance</b>		
In Fixed Deposit with for more than 3 months but less than 12 months	5,267,255	1,033,893
(B)	<u>5,267,255</u>	<u>1,033,893</u>
In Margin Money Deposit (Against Bank Guaratnee)	77,929	72,076
<b>Less : Transferred to Other Non Current Assets</b>	<b>(77,929)</b>	<b>(72,076)</b>
(C)	<u>-</u>	<u>-</u>
<b>Total</b>	<b>[ A+B + C ]</b>	
	<u><u>15,488,157</u></u>	<u><u>18,484,477</u></u>
<b>Note : 18</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
Net fixed deposit with LIC (Against gratuity)	189,821	391,180
<b>Other Loans and advances</b>		
Advance to Suppliers	11,809,560	21,600,520
Advance to Drivers/Staff	47,400	9,341
Prepaid Expenses	3,299,726	2,856,966
Loans to Employees	155,109	243,626
Balance with Excise/Sales tax Authorities	2,401,787	3,492,500
Advance Income Tax (Net of Provision)	2,972,416	4,504,797
<b>Total</b>	<u><u>20,875,819</u></u>	<u><u>33,098,930</u></u>
Note 18.1 Total Fixed deposit with LIC ₹ 2532389 Less Total gratuity liability of ₹ 2342568, Net excess balance of ₹189821.(2532389-2342568)		
	As At 31.03.2015 ₹	As At 31.03.2014 ₹
<b>Note : 19</b>		
<b>OTHER CURRENT ASSETS</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
The New India Insurance Claim Receivable	38,067	38,067
Krishna Construction	-	11,331,775
Success Vyapar Limited	47,500,000	47,500,000
<b>Total</b>	<u><u>47,538,067</u></u>	<u><u>58,869,842</u></u>
<b>Note : 20</b>		
<b>CONTINGENT LIABILITIES (To the extent not provided for)</b>		
<b>1. Contingent Liabilities</b>		
<b>a. Claims against the company not acknowledge as debts</b>		
i) E.S.I.C	213,160	213,160
ii) Priya Shanghi	1,451,701	1,451,701
iii) Ragini Shanghi	1,395,915	1,395,915
iv) J.K Engineering Works	1,020,124	672,000
v) Excise Penalty	3,700,000	3,700,000
<b>b. Guarantees</b>		
i) Bank Guarantees Outstanding	404,000	404,000
<b>Total</b>	<u><u>8,184,900</u></u>	<u><u>7,836,776</u></u>

## Vadilal Chemicals Limited

	Year ended 31.03.2015 ₹	Year ended 31.03.2014 ₹
<b>Note : 21</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products	446,643,214	407,036,800
<b>Other Operating Revenues :</b>		
Net Cylinder Rent	2,201,892	2,090,706
<b>Total</b>	<b>448,845,107</b>	<b>409,127,506</b>
<b>Note : 22</b>		
<b>OTHER INCOME</b>		
Interest Income	703,434	2,356,191
Dividend Income	7,072	120
Net gain/loss on sale of assets	113,379	1,714,643
<b>Other Non-operating income</b>		
Office Rent Income	1,862,308	2,014,624
Other Income	228,950	290,878
Sundry Balance Written-back	837,486	1,445,537
Interest on Income Tax Refund	49,204	-
<b>Total</b>	<b>3,801,833</b>	<b>7,821,993</b>
<b>Note : 23</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw Material	3,424,939	3,870,612
Add: Purchased During the year	144,375,656	135,762,816
	147,800,595	139,633,428
Less: Closing Stock	4,106,655	3,424,939
<b>Total</b>	<b>143,693,940</b>	<b>136,208,489</b>
<b>Note : 24</b>		
<b>CHANGE IN INVENTORIES</b>		
<b>Opening Stock</b>		
Finished Goods	465,737	1,054,206
Stock in Trade	5,352,633	5,913,627
Total (A)	5,818,370	6,967,833
<b>Closing Stock</b>		
Finished Goods	784,312	465,737
Stock in Trade	5,516,715	5,352,633
Total (B)	6,301,027	5,818,370
<b>Total (A-B)</b>	<b>(482,657)</b>	<b>1,149,463</b>
<b>Note : 25</b>		
<b>EMPLOYMENT BENEFIT EXPENSES</b>		
Salaries and wages	13,722,930	14,220,520
Contributions to Provident and other fund	1,942,898	1,708,376
Staff welfare expenses	1,186,865	1,182,270
<b>Total</b>	<b>16,852,693</b>	<b>17,111,166</b>

**Note : 25.1**

**EMPLOYEE BENEFITS**

With effect from 1st January 2007, the company adopted Accounting Standard ('AS') 15 (Revised 2005) - "employee benefits" issue by The Institute of Chartered Accountant of India. As per the Transitional provision specified in the Standard, the difference in the liability as per the existing policy followed by the Company and that arising on adoption of this Standard is required to be charged to opening reserves and surplus account

**Gratuity plan**

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening and closing balances of the present Value of the defined benefit obligation:



## Annual Report 2014-2015

	Year ended 31.03.2015 (Funded) ₹	Year ended 31.03.2014 (Funded) ₹			
<b>Change in present value of obligations</b>					
Obligations at beginning of the year	1,891,351	1,659,059			
Service cost	142,472	127,051			
Interest cost	176,085	136,872			
Actuarial (gain) / loss	132,660	151,139			
Benefits paid	-	(182,770)			
Obligation at the end of the year	<u>2,342,568</u>	<u>1,891,351</u>			
<b>Reconciliation of opening and closing of Fair value of Plan Assets</b>					
	LIC 1994-96	LIC 1994-96			
Fair value of Plan assets at beginning of the year	2,282,531	2,138,202			
Expected return of plan asset	198,580	186,024			
Actuarial gain/ (loss) on plan Assets	34,367	(41,695)			
Contribution	16,911	(182,770)			
Benefits paid	-	182,770			
Fair value of plan assets at end of the year	<u>2,532,389</u>	<u>2,282,531</u>			
Total Actuarial gain/ (loss) to be recognized	98,293	192,834			
<b>Reconciliation of present value of the obligation and fair value of plan assets</b>					
Present value of the defined benefit obligation at the end of the year	2,342,568	1,891,351			
Fair value of plan assets at the end of the year	2,532,389	2,282,531			
Funded status amount of Assets recognized in the balance sheet	(189,821)	(391,180)			
<b>Gratuity cost for the year</b>					
Service cost	142,472	127,051			
Interest cost	176,085	136,872			
Expected return of plan asset	(198,580)	(186,024)			
Actuarial gain/ (loss) on plan Assets	98,293	192,834			
Net gratuity cost	<u>218,270</u>	<u>270,733</u>			
<b>Assumptions (LIC 1994-96)</b>					
Interest rate	9.31%	8.25%			
Estimated rate of return of plan assets	8.70%	8.70%			
Rate of growth in salary levels	6.00%	6.00%			
Amounts for the Current & Previous four periods are as follows					
<b>Particulars</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.11</b>
	₹	₹	₹	₹	₹
Defined Benefit Obligation	2,342,568	1,891,351	1,659,059	1,356,913	1,224,405
Plan Assets	2,532,389	2,282,531	2,138,202	1,961,653	1,799,682
Surplus/ (Deficit)	(189,821)	(391,180)	(479,143)	(604,740)	(575,277)
Experience adjustments on plan liability	-	-	-	-	-
Experience adjustments on plan assets	(189,821)	(391,180)	(479,143)	(604,740)	(575,277)
<b>Leave Encashment Plan</b>					
The following table sets out the status of the pension plan as Required under AS 15 (Revised 2005) and the reconciliation of opening and closing balances of the present Value of the defined benefit obligation.					
<b>Change in present value of obligations</b>					
Obligations at beginning of the year	1,555,959	1,386,105			
Service cost	110,047	955,882			
Interest cost	144,860	114,354			
Actuarial (gain) / loss	166,997	(869,187)			
Benefits paid	(76,923)	(31,195)			
Obligation at the end of the year	<u>1,900,940</u>	<u>1,555,959</u>			
<b>Change in Plan assets</b>					
Fair value of Plan assets at beginning of the year	-	-			
Expected return of plan asset	-	-			
Actuarial gain/ (loss) on plan Assets	(76,923)	(31,195)			
Contribution	76,923	31,195			

## Vadilal Chemicals Limited

Benefits paid	-	-
Total Actuarial gain/ (loss) to be recognized	(166,997)	869,187
<b>Reconciliation of present value of the obligation and fair value of plan assets</b>		
Present value of the defined benefit obligation at the end of the year	1,900,940	1,555,959
Fair value of plan assets at the end of the year	-	-
Funded status amount of Assets recognized in the balance sheet	1,900,940	1,555,959
<b>Leave Encashment cost for the year</b>		
Service cost	110,047	955,882
Interest cost	144,860	114,354
Expected return of plan asset	-	-
Actuarial gain/ (loss) on plan Assets	166,997	(869,187)
Net leave encashment cost	421,904	201,049
<b>Assumptions</b>		
Interest rate	7.94%	8.25%
Estimated rate of return of plan assets	-	-
Rate of growth in salary levels	6.00%	9.31%

Amounts for the Current & Previous four periods are as follows

Particulars	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
	₹	₹	₹	₹	₹
Defined Benefit Obligation	-	-	-	-	-
Plan Assets	1,900,940	1,555,959	1,386,105	1,178,916	842,797
Surplus/ (Deficit)	-	-	-	-	-
Experience adjustments on plan liability	1,900,940	1,555,959	1,386,105	1,178,916	842,797
Experience adjustments on plan assets	-	-	-	-	-

	Year ended 31.03.2015	Year ended 31.03.2014
	₹	₹

**Note : 26**

**FINANCIAL COST**

**Interest Expenses**

Interest on Bank	1,381,370	1,401,975
Interest on Public Deposit	-	13,232
Interest on Other loans	13,953,527	16,557,779
	<u>15,334,897</u>	<u>17,972,986</u>

**Other borrowing costs**

Bank Charges	97,800	326,420
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**Total**

	<u>15,432,697</u>	<u>18,299,406</u>
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**Note : 27**

**OTHER EXPENSES**

**Plant Operation Charges**

Cylinder Filling Labour	706,083	660,271
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**Consumption of Stores and Spares Parts**

Opening Stores and Spares	719,384	986,155
Add: Purchase during the year	960,468	843,313
Less: Closing Stores and Spares	786,990	719,384
	<u>892,862</u>	<u>1,110,084</u>

Water charges	475,775	206,510
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Factory Electricity Expenses	634,513	1,097,336
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Factory Expenses	372,167	687,000
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**Repairs on**

Cylinders	827,009	2,449,174
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Plant and machinery	264,578	472,724
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Building	3,000	113,673
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Others	831,827	559,286
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(A)

	<u>5,007,814</u>	<u>7,356,058</u>
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## Annual Report 2014-2015

<b>Administrative Expenses</b>		
Rent, Rates & Taxes	2,180,025	2,123,407
Insurance Expenses	1,555,675	1,709,624
Postage & Telephone Expenses	1,249,946	1,206,361
Legal & Professional Charges	2,714,003	2,556,910
Travelling Expenses	612,127	890,304
Security Service Charges	1,498,706	1,289,216
Office Expenses	1,562,919	1,994,245
Office Electricity Expenses	349,042	407,448
Other administrative Expenses	121,678	349,503
Change in excise duty on inventory	(24,796)	(76,393)
Prior period Expense	15,271	-
Bad-debts written off	2,916,086	45,847
Loss From Partnership Firms(Net)	(33,719)	35,306
Income tax Expense	33,601	-
<b>Payment to Auditor</b>		
<b>As auditor :</b>		
Audit Fees	209,000	181,000
Tax Audit Fees	90,000	90,000
<b>For Other service</b>	<b>30,000</b>	<b>50,500</b>
	<b>329,000</b>	<b>321,500</b>
Donation	5,000	16,000
Conveyance Expenses	638,443	582,098
Printing & Stationery Expenses	544,087	676,298
Listing Fees	61,572	106,663
Director Sitting Fees	296,000	284,000
Membership Fees	272,270	1,173,122
	(B) <b>16,896,937</b>	<b>15,691,459</b>
<b>Selling and Distribution Expenses</b>		
Transport & Octroi Expenses	40,815,935	39,987,130
Vehicle Repairs & Petrol	473,591	590,693
Sales Incentive & Commission	951,131	1,464,827
Advertisement Expenses	106,181	285,360
Sales Tax /Service Tax/ Excise duty Expenses	1,163,495	1,065,759
	(C) <b>43,510,333</b>	<b>43,393,769</b>
<b>Total</b>	<b>(A+B+C) 65,415,083</b>	<b>66,441,286</b>

**Note : 28**

### SEGMENT REPORTING

Based on the guiding principle given in Accounting Standard AS-17 on Segment Reporting issued by The Institute of Chartered Accountants of India, the company's primary business is industrial gases. The business of the company includes gases and mixtures which have similar risks and returns, accordingly there are no separate reportable segment as far as primary segment is concerned. As sales outside India is Rs.Nil, secondary reportable geographical segment-wise reporting is not required to be shown.

**Note : 29**

### RELATED PARTY DISCLOSURE UNDER AS-18

Names of related parties and description of relationship

1. Key Management Personnel : Mr. Virendra R. Gandhi (Till 24/05/14)
2. Relatives of Key Management Personnel : Mr. Janmejay V. Gandhi  
Ms. Khevna V. Gandhi

Particulars	Key. Mgt. Personnel ₹	Relatives of Key Mgt Personnel ₹	Total ₹
Managerial Remuneration	484,000		484,000
	(2,990,639)		(2,990,639)
Salary Paid		131,582	131,582
		(708,200)	(708,200)

Note : Figures in brackets are related to Previous year.

## Vadilal Chemicals Limited

	31.03.2015	31.03.2014
	₹	₹

**Note : 30**

**EARNING PER SHARE (EPS) AS PER ACCOUNTING STANDARD - 20**

Net Profit/(Loss) for the year	5,969,283	(4,070,385)
Basic/ Weighted average number of Equity Shares outstanding during the year	48,74,000	48,74,000
Nominal value of Equity Shares	10	10
Basic/ Diluted Earning per Share	1.22	(0.84)

**Note : 31**

Certain balances of Trade Receivable, Trade Payables, loans and advances and Cylinder deposits, advances from customers/dealers and balances of cylinder accounts are subject to confirmation.

**Note : 32**

The amount of ₹ 4,75,00,000/- has been paid to M/s. Success Vypar Limited during the financial year 2013-14. As per the Internal Auditor's Report, Company does not have on records the resolution passed by the board of director of the company confirming the approval of board of director for the payment to this party and the purpose of this payment. The Board of Directors has decided to continue to show this as receivable under the head current assets.

**Note : 33**

**OTHER DETAILS**

**Note : 33.1**

**Consumption Of Raw Materials :-**

Product	2014-15	2013-14
	₹	₹
Ammonia Gas	143,693,940	136,208,489

**Note : 33.2**

**Goods Purchased (Traded) :-**

Product	2014-15	2013-14
	₹	₹
Ammonia Tanker	40,731,048	10,569,931
Other Gases & Gas Mixtures	115,570,750	112,508,685
Gas Cylinder	3,218,455	4,456,500
<b>Total....</b>	<b>159,520,253</b>	<b>127,535,116</b>

**Note : 33.3**

**Sales, Opening & Closing stock of Finished goods :-**

Product	Sales		Opening stock		Closing stock	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	₹	₹	₹	₹	₹	₹
Ammonia Gas	128,002,706	128,036,095	402,329	614,052	195,938	210,329
Liquor Ammonia	66,234,725	63,876,942	255,408	440,154	588,374	255,408
<b>Total....</b>	<b>194,237,431</b>	<b>191,913,037</b>	<b>657,737</b>	<b>1,054,206</b>	<b>784,312</b>	<b>465,737</b>

**Note : 33.4**

**Sales , Opening & Closing stock of Traded goods :-**

Product	Sales		Opening stock		Closing stock	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	₹	₹	₹	₹	₹	₹
Ammonia Tanker	41,702,214	11,265,933	—	—	—	—
Other Gases & Gas Mixtures	175,403,988	199,295,024	1,683,490	2,166,401	1,319,435	1,683,490
Gas Cylinder	4,342,852	4,562,806	3,669,143	3,747,226	4,197,278	3,669,143
<b>Total....</b>	<b>221,449,054</b>	<b>215,123,763</b>	<b>5,352,633</b>	<b>5,913,627</b>	<b>5,516,713</b>	<b>5,352,633</b>

**Note : 33.5**

**Closing Stock of Raw-Material Components :-**

Product	Raw-Material Components	
	2014-15	2013-14
	₹	₹
Ammonia Gas	4106655	3424939

## Annual Report 2014-2015

### Note : 33.6

Details of Share (Sale & Purchase) During the Period 1.4.14 to 31.3.15 :-

Name	Opening		Purchase		Sale		Profit(+) / Loss(-) ₹	Surplus(+) / Erosion(-) ₹	Closing	
	Nos.	Value ₹	Nos.	Value ₹	Nos.	Value ₹			Nos.	Value ₹
Reliance Power Ltd	112	6,590	-	-	-	-	-	(262)	112	6,328
<b>Total</b>	<b>112</b>	<b>6,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(262)</b>	<b>112</b>	<b>6,328</b>

### Note : 34

Previous periods figures have been regrouped/ reclassified, wherever necessary, to confirm to current year presentation.

#### Signature to Notes 1 to 34

**FOR R R S & Associates**  
**Chartered Accountants**  
**(Firm Reg. No.: 118336W)**

**Rajesh R. Shah**  
(Partner)  
Membership No. : 034549

**For and on behalf of the Board of Directors**

**Rajesh R. Gandhi** Chairman & Managing Director  
**Devanshu L. Gandhi** Managing Director  
**Ravi Thakkar** Chief Financial Officer  
**Soham Raval** Company Secretary

**PLACE : AHMEDABAD**  
**DATE : 01/06/2015**

**PLACE : AHMEDABAD**  
**DATE : 01/06/2015**

# Vadilal Chemicals Limited

Form No. MGT.11

## Proxy Form

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration Rules, 2014).

CIN	L24231GJ1991PLC015390
Name of the Company	VADILAL CHEMICALS LIMITED
Registered office	503-504, Aditya Building, Nr. Sardar Patel Seva Samaj, Mithakhali, Navrangpura, Ahmedabad- 380006
Name of the Member	
Registered Address	
E- Mail ID	
Folio No./ Client ID	

DP ID

I/ we, being the member(s) of Vadilal Chemicals Limited, holding..... shares of the above named company, hereby appoint

1. Name	
Address	
E- mail ID	
Signature	

Or failing him,

2. Name	
Address	
E- mail ID	
Signature	

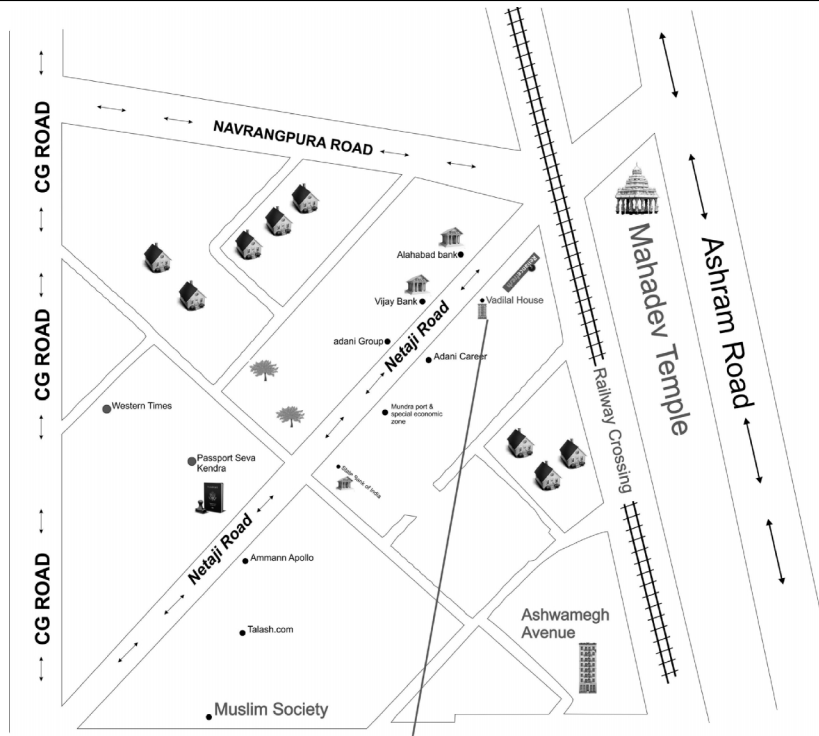
Or failing him,

3. Name	
Address	
E- mail ID	
Signature	

As my/ our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the company, to be held on the 26<sup>th</sup> November, 2015 at 11.30 a.m. At " Vadilal House" Shrimali Society, Nr. Navrangpura Railway Crossing, Navrangpura, Ahmedbad- 380 009 and at any adjournment thereof in respect of such resolutions as are indicated below:

Tear here

# Annual Report 2014-2015



Resolution No.	Resolution	Yes/ No
	<b>Ordinary Business:</b>	
1	To receive, consider and adopt Audited Balance Sheet as at 31 <sup>st</sup> March, 2015 and the Statement of Profit and Loss, Cash flow statement for the year ended on that date together with the Auditor's report and the Directors' Report thereon.	
2	To appoint a Director in place of Shri Rajesh R. Gandhi (holding DIN: 00009879), who retires by rotation as per provision of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.	
3	To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting i.e. 24 <sup>th</sup> AGM till the conclusion of the next Annual General Meeting and to fix their remuneration.	
	<b>Special Business:</b>	
4	To appoint Mrs. Deval D. Gandhi (DIN: 00988905) as Non Executive Non Independent Director of the company.	
5	To appoint Mr. Kalpit R. Gandhi (DIN: 02843308) as Non Executive Non Independent Director of the company.	
6	To approve and adopt new set of articles of association of the company in replacement of existing articles of association of the company, in terms of section 14 and all other applicable provisions of the companies act, 2013 read with companies (incorporation) rules, 2014.	
7	To approve the related party transactions entered into by the company with any person, firm or body corporate in terms of provisions of section 188 of the companies act, 2013 and rules made thereunder.	

Signed this.....day of .....2015

signature of shareholder.

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the commencement of the Meeting.

**VADILAL CHEMICALS LIMITED**

(CIN: L24231GJ1991PLC015390)

Registered office:

503-504, Aditya Building, Nr. Sardar Patel Seva Samaj,  
Mithakhali, Navrangpura, Ahmedabad- 380 006.

DP ID	Client ID	Folio No.	No. of Shares

**ATTENDANCE SLIP**

Name of the Shareholders: \_\_\_\_\_

Name of the Proxy/ Authorized Representative : \_\_\_\_\_

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting held at 11.30 a.m. On 26<sup>th</sup> November, 2015 at " Vadilal House, Shrimali Society, Nr. Navrangpura Railway Crossing, Navrangpura, Ahmedabad- 380 009.

Signature of Member/ Proxy/ Authorized Representative attending the meeting: \_\_\_\_\_

## Notes:

1. Please bring this attendance slip to the meeting and handover at the entrance duly filled in.
2. Members are requested to bring copy of Annual Report with them.

Tear here









**BOOK-POST**

**If undelivered, please return to :  
VADILAL CHEMICALS LIMITED  
(CIN : L24231GJ1991PLC015390)  
Registered Office : 503-504, Aditya Building,  
Nr. Sardar Patel Seva Samaj,  
Mithakhali, Ahmedabad – 380006.**