



## **Vidhi Dyestuffs Manufacturing Limited**

**17TH Annual  
Report  
2009 - 2010**





**VIDHI DYESTUFFS MANUFACTURING LIMITED  
SEVENTEENTH ANNUAL REPORT 2009 - 2010**

**BOARD OF DIRECTORS**

<b>DIRECTORS</b>	:	MR. BIPIN M. MANEK <i>Chairman &amp; Managing Director</i>
	:	MR. NARESH L. MODI (resigned w.e.f. 27 <sup>th</sup> April 2010)
	:	MRS. PRAVINA B. MANEK
	:	MR. VIJAY K. ATRE
	:	MR. PRAFULCHANDRAA. SHAH
	:	MR. CHETAN P. BAVISHI
	:	MR. NIREN D. DESAI
	:	MR. MIHIR B. MANEK
<b>AUDITORS</b>	:	M/s. BHUTA SHAH & CO. <i>Chartered Accountants</i>
<b>BANKERS</b>	:	VIJAYA BANK BANK OF INDIA
<b>REGISTERED OFFICE</b>	:	E/27, COMMERCE CENTRE, 78, TARDEO ROAD, MUMBAI - 400 034.
<b>FACTORY</b>	:	59-B, MIDC, DHATAV, ROHA, DIST. RAIGAD, MAHARASHTRA.
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	:	SHAREX DYNAMIC (INDIA) PVT. LTD. BRANCH OFFICE : UNIT 1, LUTHRA INDUSTRIAL PREMISES, ANDHERI KURLA ROAD, SAFEED POOL, ANDHERI (EAST), MUMBAI - 400 072. TEL. NO. : 2851 5606 / 5644



**NOTICE**

To,

The Members

**VIDHI DYESTUFFS MANUFACTURING LIMITED**

Notice is hereby given that the **Seventeenth Annual General Meeting** of the Shareholders of **VIDHI DYESTUFFS MANUFACTURING LIMITED** will be held on Thursday, the 9<sup>th</sup> September 2010 at 5.30 P.M. at E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400034 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at the 31<sup>st</sup> March 2010 and the Profit & Loss Account of the Company for the year ended on that date, together with the Report of Directors and the Auditors thereon.
2. To re-appoint Mrs. Pravina B.Manek as Director, who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint Mr. Chetan P. Bavishi as Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the provisions of the Companies Act, 1956 and such other approvals and sanctions as may be necessary, Mr. Mihir B.Manek be and is hereby appointed as the Joint Managing Director of the Company for a period of five years with effect from 15<sup>th</sup> July 2010, not liable to retire by rotation, so long as he holds office as the Joint Managing Director on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft of the Agreement (the particulars of which are enumerated in the Explanatory Statement Annexed to the Notice), placed before this Meeting and initialed by the Chairman for the purpose of identification, which agreement hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement and that the Board of Directors of the Company be and is hereby authorized to enter into an Agreement with Mr. Mihir B.Manek in terms of the said draft of the Agreement with such modifications as may be agreed to and acceptable to the Board of Directors and to Mr. Mihir B.Manek."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take such steps as may be necessary and desirable to give effect to the foregoing resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

**"RESOLVED THAT** subject to the provisions of the Companies Act, 1956 and other applicable Acts, if any, the Company shall pay Guarantee Commission @ 0.75% per annum to Mr. Bipin M. Manek, the Managing Director of the Company, on the amount of personal guarantee given by him to the Bank for securing repayment of the Working Capital Facility and various other financial assistances availed by the Company.

**RESOLVED FURTHER THAT** the draft Guarantee Commission Agreement to be executed with the Managing Director, including the terms and conditions of the payment of Guarantee Commission as placed before this meeting and initialed by the Independent Directors for the purpose of identification be and is hereby approved.

**RESOLVED FURTHER THAT** any Independent Director of the Company be and is hereby authorized to sign and execute the said agreement for and on behalf of the Company.

**RESOLVED FURTHER THAT** any Director of the Company be and is hereby authorized to digitally sign the e-form 23 to be filed with the Registrar of Companies, Mumbai and to comply with all the needful formalities in this regard.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 31<sup>st</sup> August 2010 to Tuesday, the 7<sup>th</sup> September 2010 (both days inclusive).
3. An explanatory statement pursuant to Section 173 of the Companies Act, 1956, relating to Item No. 5 and 6 is annexed hereto.
4. Members are requested to:
  - (i) Immediately intimate change of address, if any, to the Company/Registrar and Share Transfer Agent quoting reference to their Registered Folio Number.
  - (ii) Members are requested to send all share transfer lodgments (Physical mode) / correspondence to the Registrar and Share Transfer Agent at the following address upto the date of book closure:

**M/s Sharex Dynamic (India) Private Limited**

Unit No. 1, Luthra Ind. Premises, Andheri-Kurla Road, Safed Pool,  
Andheri (East), Mumbai- 400 072 Tel No: 2851 5606, 2851 5644 Fax No: 2851 2885



## VIDHI DYESTUFFS MANUFACTURING LIMITED

- (iii) Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31<sup>st</sup> March 2010, so as to enable the Company to keep the information ready.
- (iv) Quote Registered Folio Number or DP ID/ Client ID in all the correspondence.
- (v) Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
5. Members/Proxies should bring the attendance slips sent herewith duly filled in, for attending the Meeting.
6. The Members are requested to dematerialize their shareholdings with their Depository Participants as the Company's Shares are traded compulsorily under demat mode in the Stock Exchanges.
7. As per the provisions of the Companies Act, 1956 facility for making nominations is available for shareholders in respect of the physical shares held by them. Nomination forms can be obtained from the Company's Registered Office.
8. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of refund pertaining to share application money out of public issue remaining unpaid or unclaimed for a period of seven years from the date of transfer to Refund Account of the Company has been transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
- Members who have not yet encased their dividend warrant(s) for the financial year ended 31<sup>st</sup> March 2003, 31<sup>st</sup> March 2004 and 31<sup>st</sup> March 2005 are requested to make their claims to the Company accordingly, without any delay.
9. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the Company / Share Transfer Agents along with the relevant Share Certificates for consolidation of such Folios in one Folio.
10. Mrs.Pravina B. Manek and Mr.Chetan P. Bavishi, Directors retires by rotation, being eligible, offer themselves for re-appointment. Mr. Mihir Manek, Whole-time Director has been appointed as the Joint Managing Director of the Company. The particulars of appointment and re-appointment of Directors are given in the Annexure to the Notice and the Corporate Governance Section of the Annual Report.
11. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

**By Order of the Board**  
For Vidhi Dyestuffs Manufacturing Limited

**Bipin M. Manek**  
Chairman & Managing Director

Place: - Mumbai  
Date: 15<sup>th</sup> July, 2010

### Annexure to Item Nos. 2, 3 and 5 of the Notice

**Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (in pursuance of revised Clause 49 of the Listing Agreement).**

Name of the Director	Pravina B. Manek	Chetan P. Bavishi	Mihir B. Manek
Date of Birth	29 <sup>th</sup> February, 1956	29 <sup>th</sup> February, 1960	8 <sup>th</sup> March, 1982
Date of Appointment on the Board	19 <sup>th</sup> January, 1994.	6 <sup>th</sup> January 2003	31 <sup>st</sup> July 2006
Qualifications	B.A.	B.Com.	B.Sc.
Experience	15 years of rich experience in the Business of food colour.	25 years of rich experience in the business of Iron & Steel Industry.	5 years of experience in the business of procurement of imported raw materials and distribution of various chemicals
Shareholding in the Company	1,55,33,667	NIL	NIL
List of Directorships held in other Companies	NIL	NIL	Arjun Food Colorants Mfg. Private Limited
Committee Membership	Vidhi Dyestuffs Mfgs. Ltd. (Member of Audit Committee, Remuneration Committee and Chairperson of Share Transfer cum Shareholders/Investors Grievance Committee)	Vidhi Dyestuffs Mfgs. Ltd. (Member of Share Transfer cum Shareholders/Investors Grievance Committee)	Vidhi Dyestuffs Mfgs. Ltd. (Member of Audit Committee)

For Vidhi Dyestuffs Manufacturing Limited

**Bipin M. Manek**  
Chairman & Managing Director

Place: - Mumbai  
Date: - 15<sup>th</sup> July, 2010



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

The Board of Directors at their Meeting held on the 15<sup>th</sup> July 2010 has appointed Mr. Mihir Manek as the Joint Managing Director of the Company for a period for 5 years with effect from 15<sup>th</sup> July 2010 on the terms and condition mention herein below, subject to the approval of the members and subject to all other necessary approvals/sanctions.

On recommendation of the Remuneration Committee, the Board of Directors of the Company, on 15<sup>th</sup> July 2010, unanimously approved the appointment of Mr. Mihir B. Manek as the Joint Managing Director pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act'), for a period of five years with effect from 15<sup>th</sup> July 2010, not liable to retire by rotation, so long as he holds office as the Joint Managing Director on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft Agreement, which is available for inspection of members at the registered office of the Company on all working days during the business hour of the Company, which agreement hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement.

Mr. Mihir B. Manek was appointed as the Whole-time Director of the Company with effect from 31<sup>st</sup> July 2006 and approval of members was obtained in the Annual General Meeting held on 30<sup>th</sup> September 2006. Mr. Mihir B. Manek is a B. Sc. in Industrial Chemistry. He is well versed with the task of new product development and other Research & Development activities, current process validation, and inventory management of the Company. He has taken up the task for enhancing the Brand Name of the Company by promoting the products of the Company via different advertising media and creating new customers & markets for the Company

The Board considers that the services of Mr. Mihir B. Manek as the Joint Managing Director of the Company will be valuable for the growth of the Company.

The terms and conditions for the appointment of Mr. Mihir B. Manek as the Joint Managing Director are mentioned below:

**1. PERIOD OF APPOINTMENT:**

5 Years with effect from 15<sup>th</sup> July 2010.

**2. REMUNERATION:**

The Joint Managing Director shall be entitled to remuneration upto the maximum as may be permitted under Schedule XIII of the Companies Act, 1956 or any modifications or re-enactment thereof as in force for the period under the agreement or on the basis of such other law/modifications as may be permissible or applicable, so however, at present the Board has approved the total remuneration of not exceeding a salary of Rs.1,25,000/- per month and applicable perquisites and commission of 2% on the net profit of the Company subject to the review of Remuneration Committee from time to time.

In the event of absence or inadequacy of profits during the aforesaid period, the remuneration to the Joint Managing Director by way of salary, dearness allowance, perquisites and other allowances shall be restricted to the ceiling prescribed in Section II of Part II of Schedule XIII of the Act. He shall not be paid any sitting fees for attending the Meeting of the Board of Directors or Committee thereof.

**3. OVERALL LIMIT:**

The remuneration referred to in Clause 2 hereof is subject to the limit of 5% of the annual net profits of the Company and subject to the overall limit of 10% on the remuneration of all the Managing Directors of the Company.

**4. OTHER FACILITIES:**

He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.

The draft agreement for appointment of Mr. Mihir B. Manek as the Joint Managing Director is available for inspection of members at the registered office of the Company on all working days during the business hours of the Company.

Your Directors recommend the Resolution for your approval to be passed as the Special Resolution.

None of the Directors except Mr. Bipin M. Manek being father, Mrs. Pravina B. Manek being mother and Mr. Mihir B. Manek, himself are interested in the Resolution.

Copies of the relevant resolutions passed by the Board of Directors and other relevant documents relating to the aforesaid appointment of Mr. Mihir B. Manek are available for inspection by the Members of the Company during business hours on any working day of the Company.

Information pursuant to Clause 49IV(G)(i) of the Listing Agreement have been annexed to the Notice.

This Explanatory Statement together with Resolution under Item No. 5 in the accompanying Notice is and should be treated as abstract and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

**ITEM NO. 6:**

The Board in its meeting held on 27<sup>th</sup> May, 2010 has approved the payment of Guarantee Commission @ 0.75% per annum to Mr. Bipin M. Manek, the Managing Director of the Company, on the amount of personal guarantee given by him to Vijaya Bank Ltd. for securing repayment of Working Capital Facility taken by the Company amounting to Rs.15,00,00,000/- (Rupees Fifteen Crores Only) .

The draft agreement for payment of Guarantee Commission to Mr. Bipin M. Manek, Managing Director of the Company, is available for inspection of members at the registered office of the Company on all working days during the business hours of the Company.

Your Directors recommend the Resolution for your approval to be passed as a Special Resolution.

None of the Directors except Mr. Mihir B. Manek being son, Mrs. Pravina B. Manek being wife and Mr. Bipin M. Manek, himself are interested in the Resolution.

**By Order of the Board**  
For Vidhi Dyestuffs Manufacturing Limited

**Bipin M. Manek**  
Chairman & Managing Director

Place: - Mumbai  
Date: 15<sup>th</sup> July, 2010



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## DIRECTORS' REPORT

To,  
The Members,

### VIDHI DYESTUFFS MANUFACTURING LIMITED

Your Directors have pleasure in presenting 17<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

	<b>Current Year 2009-10 Rupees Lakhs</b>	<b>Previous year 2008-09 Rupees Lakhs</b>
Profit for the year before providing for Depreciation		
Depreciation	546.65	347.53
Less : Depreciation	99.52	96.09
	447.13	251.44
Profit after Depreciation		
Less : Provision for Taxation		
Current Year	175.13	104.64
Earlier year	2.95	6.25
Deferred Tax	(16.24)	(21.71)
	161.84	89.18
Profit After Tax	285.29	162.26
Add : Profit brought forward from Previous year	1,289.21	1,126.95
	1,574.50	1,289.21
<b>APPROPRIATION :</b>		
Interim Dividend	-	-
Corporate Dividend Tax	-	-
Transfer to General Reserve	-	-
	1,574.50	1,289.21
Balance Profit Carried to Balance Sheet	1,574.50	1,289.21

### OPERATIONS:

During the year under review your Company has achieved a turnover of Rs.7113.88 Lakhs as compared to Rs.3928.94 Lakhs of previous year registering a growth of 81.06%. The net profit after tax has also gone up from Rs. 162.26 Lakhs to Rs. 285.29 Lakhs recorded an increase of 75.82% as compared to previous year.

The Company has manufactured 1083.285 M. Tons of Food colors against 994.147 M. Tons in the previous year.

Your Company has increased its export market share as well local sales on account of persistent marketing efforts.

Your Company is currently undergoing an expansion doubling its production capacity in the 1<sup>st</sup> phase, the new production facility is scheduled to come in production in September 2010.

Your Directors assure to strive for a bright future for your Company.

### DIVIDEND:

In order to conserve resources, your Directors do not recommend any dividend for the year 2009-2010.

### DIRECTORS: -

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company:

Mrs. Pravina B. Manek retires at the ensuing Annual General Meeting and being eligible, offers herself, for re-appointment as a Director.

Mr. Chetan P. Bavishi retires at the ensuing Annual General Meeting and being eligible, offers himself, for reappointment as a Director.

Your Directors recommend their reappointment as Directors.

Mr. Naresh Modi, Non-Executive Director has resigned from the Board with effect from 27<sup>th</sup> April 2010 due to his pre-occupation. The Board places on record its appreciation for the valuable services and guidance given by Mr. Naresh Modi to the Company during his tenure as the Director of the Company.

Mr. Mihir Manek has been appointed as the Joint Managing Director of the Company with effect from 15<sup>th</sup> July 2010. Mr. Mihir Manek is a B.Sc. in Industrial Chemistry. He is well versed with the task of new product development and other Research & Development activities, current process validation, and inventory management of the Company. He has taken up the task for enhancing the Brand Name of the Company by promoting the products of the Company via different advertising media and creating new customers & markets for the Company. He is also entrusted with the import/ export management of the Company. Your Directors recommend his appointment as Joint Managing Director of the Company.



The particulars of the Directors to be appointed or re-appointed are given in the Annexure to the Notice and Corporate Governance Section of this Annual Report.

**CORPORATE GOVERNANCE:**

As per the Listing Agreement with the Stock Exchanges, the Company has successfully implemented and complied with all the requirements and disclosures of the Code of Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A report on Corporate Governance as stated above, along with a Certificate from the Statutory Auditors confirming compliance of the conditions of Corporate Governance is attached to the Corporate Governance Report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report as mandated under the Code of Corporate Governance, is enclosed as a part of the Annual Report.

**AUDITORS:**

M/s. Bhuta Shah & Co, Chartered Accountants, Auditors, Mumbai of the Company having Firm Registration No. 101474W, retire at the ensuing Annual General Meeting however, being eligible, offer themselves for re-appointment as the Statutory Auditors of the Company at remuneration to be decided by the Board of Directors. The Company has received a letter from them to that effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956

**AUDITORS REPORT:**

There are no qualifications contained in the Auditor's Report and therefore no further explanation is required to be provided.

The notes to the accounts are referred in the auditors report are also self - explanatory and, therefore do not call for any further comments.

**COMPLIANCE CERTIFICATE:**

The Board of Directors appointed M/s. Hemanshu Kapadia & Associates, Company Secretary in Whole-time Practice, to inspect the books, registers and records of the Company and to report us whether the Company has complied with all the provisions of the Companies Act, 1956. The Compliance Certificate u/s 383A of the Companies Act, 1956, received from M/s. Hemanshu Kapadia & Associates is attached herewith.

**POSTAL BALLOT:**

During the financial year 2009-2010, the Company has passed ordinary resolutions through postal ballot for increasing the borrowing limits of the Company and authorization for mortgage of assets of the Company.

During the financial year 2010-11, the Company has passed special resolution for the alteration of the main object of the Company to diversify its business activities to undertake construction and realty business activity in addition to current main object of the Company.

**FIXED DEPOSIT:**

The Company has not accepted Fixed Deposits from public during the year under review.

**PARTICULARS OF THE EMPLOYEES:**

There are no employees to whom the disclosure requirements under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended apply.

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

The information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report to the Board of Directors) Rules, 1988 is given in Annexure forming part of this report.

**POLLUTION CONTROL:**

The Company is environment conscious and the products manufactured by the Company require the consent from Maharashtra Pollution Control Board (MPCB) for manufacturing. The Company's plant situated at Roha has provided full-fledge facilities to control pollution under Water Act and Air Act. Your Company has taken necessary approval and consent from the MPCB. Further your Company is also member of Common Effluent Treatment Plant (CETP), which is situated at Roha.

**INSURANCE:**

All the properties and insurable interest of the Company are adequately insured.

**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 217 (2AA) of the Companies Act, 1956.

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgment 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 of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- iv) the Directors have prepared the Annual Accounts on a going concern basis.

**ACKNOWLEDGEMENTS:**

Your Director takes this opportunity to place on record their deep sense of gratitude and appreciation to the Banks, Financial Institution, Central and State Government Authorities for their guidance and support. Your Directors are also grateful to the customers, suppliers and business associates of the Company for their continued co- operation and support. Your Directors also wish to record their appreciation for the employees for their commitment, dedication and hard work put by them at all levels in contributing to the Company's growth. Your Directors are also deeply grateful to the shareholders of the Company for their confidence shown in them.

**For and on behalf of the Board**

Bipin M. Manek  
Chairman & Managing Director

Place: Mumbai

Dated: 15<sup>th</sup> July, 2010



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## ANNEXURE TO THE DIRECTORS REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption, adaptation, innovation and foreign exchange earnings and outgo as required under the Companies (Disclosure of particulars in the board of Director's Report) Rules 1988.

### 1) CONSERVATION OF ENERGY

A) Details of power and fuel consumption:		Current Year	Previous year
a. Electricity			
Purchased and consumed	: UNITS	17,44,774	15,91,169
	: TOTALAMOUNT	92,32,840	77,91,160
	: RATE PER UNIT	5.30	4.90
b. Furnace Oil	: LITRES	1,74,960	1,67,148
	: TOTALAMOUNT	40,15,794	37,69,502
	: RATE PER LITRE	22.95	22.55
c. Coal	: KILOGRAM	18,80,980	17,82,221
	: TOTALAMOUNT	76,06,344	78,11,484
	: RATE PER KGS.	4.04	4.38
<b>B) Details of consumption per unit of production</b>			
PER KILO OF DYES			
Electricity	: UNITS	1.61	1.60
Energy Charges:- (Furnace Oil / Coal)	: LITRES / KILOGRAM	1.90	1.96

### 2) TECHNICAL ABSORPTION, ADAPTATION & INNOVATION :

1. No technology has been imported by the Company.
2. Efforts are being made to further improve quality of the products.

The Company strives to achieve innovations in its operations.

### 3) FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company's total exports sales during the year under review have amounted to Rs.40.95 Crores.

		(Rs. In Lakhs)
FOB VALUE OF EXPORTS	3721.62	3368.33
EXPENDITURE IN FOREIGN EXCHANGE	3768.52	1248.12

For and on behalf of the Board

Place: Mumbai  
Dated: 15<sup>th</sup> July,2010

**Bipin M. Manek**  
Chairman & Managing Director





**COMPLIANCE CERTIFICATE**

CIN of the Company: L24110MH1994PLC076156

Nominal Capital: Rs. 6,00,00,000/-

To

The Members,

VIDHI DYESTUFFS MANUFACTURING LIMITED

E-27, Commerce Centre,

78, Tardeo Road,

Mumbai - 400 034

We have examined the registers, records books and papers of **Vidhi Dyestuffs Manufacturing Limited** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, within the time prescribed/with additional fees under the Companies Act, 1956 and the rules made thereunder. However no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company comments are not required.
4. The Board of Directors duly met Six (6) times respectively on 20<sup>th</sup> May 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009, 23<sup>rd</sup> January 2010 and 29<sup>th</sup> January 2010 in respect of which meetings, proper notices were given and the proceedings were properly signed and recorded in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from Wednesday, 23<sup>rd</sup> September 2009 to Wednesday, 30<sup>th</sup> September 2009 for the purpose of 16<sup>th</sup> Annual General Meeting to be held on 30<sup>th</sup> September 2009 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2009 was held on 30<sup>th</sup> September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred in the Section 295 of the Act during the financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. (i) The Company has delivered the certificate on lodgment thereof for transfer in accordance with the provisions of the Act. However, there was no allotment/ transmission of securities during the financial year under review.  
(ii) The Company was not required to deposit any amount in separate Bank Account as no dividend was declared during the financial year under review.  
(iii) The Company was not required to post warrants to any Member of the Company as no dividend declared during the financial year under review.  
(iv) The Company has transferred unclaimed dividend amount of Rs.50,400/- towards the Investor Education and Protection Fund which has remained unclaimed or unpaid for the period of seven years. Except for the above the Company was not required to transfer any other amount to the Investor Education and Protection Fund as there was no application

money due for refund, matured deposits, matured debentures and the interest accrued thereon.

- (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year under review.
15. The Company has not appointed any Managing Director/ Whole-time Director/ Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. Since the Company has not issued any Preference Shares or Debentures, there was no redemption of Preference Shares or Debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the Rights to Dividend, Rights Shares and Bonus pending registration of transfer of Shares during the financial year.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed from Banks during the financial year ending 31<sup>st</sup> March 2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293 (1) (d) of the Act have been passed in duly conducted postal ballot.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share capital of the Company during the year under scrutiny.
30. The Company has not altered its Article of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the Company and no fine or penalty or any other punishment was imposed on the Company during the financial year, for offence under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For Hemanshu Kapadia &amp; Associates

Hemanshu Kapadia

C. P. No.: 2285

Place: Mumbai

Date: 15<sup>th</sup> July 2010**Annexure A****Registers as maintained by the Company  
Statutory Registers**

1. Register of Members u/s 150 (maintained by RTA)
2. Register of Beneficial Owners u/s 152A
3. Register of Charge u/s 143
4. Register of Directors, Managing Director, Manager and Secretary u/s 303
5. Register of Directors Shareholding u/s 307



# VIDHI DYESTUFFS MANUFACTURING LIMITED

6. Register of Particulars of Contracts in which Directors are interested u/s 301
7. Register of Application & Allotment u/s 75
8. Books of Minutes of Board & General Meetings u/s 193
9. Books of Accounts u/s 209
10. Register of Share Transfer u/s 108 (maintained by RTA)
11. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960
12. Register of Investment u/s 49(7)

## Other Registers

1. Register of Directors' Attendance
2. Register of Shareholders Attendance
3. Register of Proxies
4. Register of Fixed Assets

Note: The Company has not maintained the following registers as it was informed that there were no entries / transactions to be recorded therein:

1. Register of Debenture holders' u/s 152
2. Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975
3. Register of Securities Bought Back u/s 77A
4. Foreign Registers of Members or Debenture holders' u/s 157

## Annexure B

Forms and Returns filed by the Company with Registrar of Companies during the financial year ending 31<sup>st</sup> March 2010.

Sr. No	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1.	Form 1 of INV	205C read with rule 3 of IEPF (Awareness and Protection of Investor) Rules 2001	Deposits to Investor Education and Protection Fund	12-05-2009	Yes	N.A.
2.	Form 20B	159(1)	Annual General Meeting held on 30 <sup>th</sup> September 2009.	14-11-2009	Yes	N.A.
3.	Form 23AC & 23ACA	220	Financial year ended 31 <sup>st</sup> March 2009.	30-10-2009	Yes	N.A.
4.	Form 62	---	Submission of documents with Registrar.	28-01-2010	Yes	N.A.
5.	Form 17	138	Satisfaction of Charge	08-02-2010	Yes	N.A.
6.	Form 8	125	Creation of Charge	09-03-2010	No	Yes
7.	Form 23	192	Registration of Resolution and Agreement	19-03-2010	Yes	N.A.

## Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification

To,  
Board of Directors,  
Vidhi Dystuffs Manufacturing Limited

I, Bipin Manek, Managing Director of Vidhi Dyestuffs Manufacturing Limited, to the best of my knowledge and belief certify that:

- a. I have reviewed the Balance sheet and Profit & Loss Account (Consolidated and Stand alone) and all the schedules and notes on accounts, as well as cash flow statements, Directors' Report.
- b. Based on my knowledge & information, these statement do not contain any untrue statement of a material facts or omit to state any material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the statement made.
- c. I accept responsibility for establishing and maintaining internal controls for financial Reporting and I have evaluated the effectiveness of the Internal Control systems of the Company pertaining to Financial Reporting the same have disclosed to the auditors and the Audit Committee. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d. I have indicated to auditors and Audit Committee that:
  - i. There have no significant changes in internal control over financial reporting during the year under reference;
  - ii. There have been no significant changes in Accounting policies during the year requiring disclosure in the notes to the Financial Statements; and
  - iii. I am not aware of any instance during the year of significant fraud with involvement therein of the Management or an employee having a significant role in the Company's internal control system over Financial Reporting.

For Vidhi Dyestuffs Manufacturing Limited

Place: Mumbai  
Dated: 15<sup>th</sup> July 2010

**Bipin M. Manek**  
Chairman & Managing Director

## Declaration regarding Code of Conduct: Pursuant to Clause 49 I D (ii) of the Listing Agreement

I hereby declare that in compliances with the regulatory requirements and effective implementation of corporate governance practices, the Company has adopted the following codes of governance in accordance with the applicable regulations of Securities and Exchange Board of India: -

- Code of Conduct for prevention of Insider Trading; or regulating the dealings of the Directors and Employees of the Company possessing or likely to possess price sensitive information, in the securities of the Company;
- Code of Conduct for Board of Directors and Senior Management

For Vidhi Dyestuffs Manufacturing Limited

Place: Mumbai  
Dated: 15<sup>th</sup> July 2010

**Bipin M. Manek**  
Chairman & Managing Director



## CORPORATE GOVERNANCE

In this dynamic environment shareholders across the globe evince keen interest in the performance of the companies and thus good Corporate Governance is of paramount importance for the companies seeking to distinguish themselves in the global footprint.

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the listing agreement is set out below. In this report, we confirm the compliance of Corporate Governance criteria as required under clause 49 of the Listing Agreement.

### (A) MANDATORY REQUIREMENTS

#### 1) COMPANY PHILOSOPHY: -

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements such as forms of listing agreement with the Stock Exchange but also several voluntary practices at superior level of business ethics, effective supervision and enhancement of shareholder value. Transparency, fairness, disclosures and accountability- the four pillars of Corporate Governance have always been central to the working of your Company.

#### 2) BOARD OF DIRECTORS:

Your Company is managed and guided by a professional Board comprising of 8 Directors out of which 4 are Independent Directors.

Composition of the Board of Directors, number of other Directorships and Chairmanships/Memberships of Committees of each Director in other Companies as on 31<sup>st</sup> March 2010.

Sr. No.	Name of the Director(s)	Category	No. of Other Directorship in Public/Pvt. Limited Companies	No. of other Committees# as	
				Chairman	Member
1	Mr. Bipin M. Manek	Executive-Chairman & Managing Director, Promoter	NIL	NIL	NIL
2	Mr. Naresh L. Modi (resigned w.e.f. 27th April, 2010)	Non-Executive, Promoter	NIL	NIL	NIL
3	Mrs. Pravina B. Manek	Non-Executive, Promoter	NIL	NIL	NIL
4	Mr. Vijay K. Atre	Non-Executive, Independent	NIL	NIL	NIL
5	Mr. Prafulchandra A. Shah	Non-Executive, Independent	NIL	NIL	NIL
6	Mr. Chetan P. Bavishi	Non-Executive, Independent	NIL	NIL	NIL
7	Mr. Niren D Desai	Non-Executive, Independent	NIL	NIL	NIL
8	Mr. Mihir B. Manek	Executive	NIL	NIL	NIL

# For the purpose of considering the number of directorships and Committee positions, all public limited companies, whether listed or not, have been included and all other Companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, have been excluded and the Committees other than Audit Committee and Shareholder's/ Investor's Grievance Committee have been excluded.

Mr. Bipin M. Manek, Mrs. Pravina B. Manek and Mr. Mihir B. Manek, Directors of the Company are related with each other (*inter-se*) within the meaning of Clause 49IV(G)(ia) of the Listing Agreement.

None of the above-referred Independent Directors have any material pecuniary relationship or transaction with the Company, its Promoters or with its Management, which would affect the independence or judgment of the Directors.

The Company has also not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management etc., that may have potential conflict with the interest of the Company at large.

#### Appointment and Re-appointment of Directors:

Mrs. Pravina B. Manek retires at the ensuing Annual General Meeting and being eligible, offers herself, for re-appointment as Director.

Mr. Chetan P. Bavishi retires at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment as Director.

Mr. Mihir B. Manek, Whole-time Director of the Company was appointed as the Joint Managing Director with effect from 15<sup>th</sup> July 2010.



# VIDHI DYESTUFFS MANUFACTURING LIMITED

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting:

Name	Age	Educational Qualification	Experience	
Mrs. Pravina B Manek	54 Years	B.A.	15 years of rich experience in the Business of food colours.	Mrs. Pravina B Manek is the Director / Promoter of the Company since incorporation. She is due to retire by rotation at the forth coming Annual General Meeting and being eligible offers herself for re-appointment
Mr. Chetan P. Bavishi	50 Years	B.Com.	25 years of rich experience in the business of Iron & Steel Industry.	Mr. Chetan P. Bavishi has been the Director of the Company from 6 <sup>th</sup> January 2003. He is due to retire by rotation at the forth coming Annual General Meeting and being eligible offers himself for re-appointment.
Mr. Mihir B. Manek	28 Years	B.Sc.	5 years of experience in the business of procurement of imported raw materials and distribution of various chemicals	Mr. Mihir B. Manek, was appointed as an Additional Director and Whole-time Director of the Company with effect from 31 <sup>st</sup> July 2006. His appointment as the Joint Managing Director with effect from 15 <sup>th</sup> July 2010 is subject to the approval of members at the forthcoming Annual General Meeting.

## Shareholding of Non Executive Directors as on 31<sup>st</sup> March 2010

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Mrs. Pravina B. Manek	1,55,33,667	31.10
2.	Mr. Naresh L. Modi	50,00,000	10.01
3.	Mr. Vijay K. Atre	25,000	0.05
4.	Mr. Prafulchandra A. Shah	-	-
5.	Mr. Chetan P. Bavishi	-	-
6.	Mr. Niren D. Desai	-	-

## Attendance Record of the Directors:

The size and composition of the Board conform to the requirements of Corporate Governance norms as stipulated under the provisions of the Listing Agreements entered into with the Stock Exchange.

The meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered Office of the Company in Mumbai. The Board meets at least once in every quarter to review the quarterly performance and financial results.

During the Financial Year 2009 - 2010, Six Meetings of Board of Directors were held on the following days:

20<sup>th</sup> April 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009, 23<sup>rd</sup> January, 2010 and 29<sup>th</sup> January 2010

Annual General Meeting for the financial year ended 31<sup>st</sup> March 2009 was held on 30<sup>th</sup> September 2009.

There was no circular resolution passed by the Board of Directors during the financial year.

**The Attendance of Directors at the Board Meetings and Annual General Meetings were as under:**

## Financial Year 2009-2010

Directors	Number of Board Meetings		Attendances at the last Annual General Meetings
	Held	Attended	
Mr. Bipin M. Manek	6	6	Yes
Mr. Naresh L. Modi	6	6	Yes
Mrs. Pravina B. Manek	6	6	Yes
Mr. Vijay K. Atre	6	6	Yes
Mr. Prafulchandra A. Shah	6	6	Yes
Mr. Chetan P. Bavishi	6	6	Yes
Mr. Niren D. Desai	6	6	Yes
Mr. Mihir B. Manek	6	6	Yes

Agenda for each Board Meeting was sent along with notes on agenda items at least 7 days in advance to all the Directors. At the Board meetings of the Company the Directors are being provided information stipulated in clause 49 of the Listing Agreement. The Board has a formal schedule of matters reserved for its consideration, which includes review of the Company's performance. The Company has designed the required information system for this purpose.



Matters discussed at these Board Meetings relate to among others, review of annual plan, quarterly results of the Company, Minutes of Meetings of Audit Committee, observations of the Audit Committee, statutory compliances by the Company, sale and purchase of investments etc.

**Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification**

Declaration by the Managing Director and Chief Financial Officer under Clause 49 (1) (D) of the Listing Agreement regarding adherence to the code of conduct is forming part of the Report on Corporate Governance.

In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.

**Code of Conduct**

In compliances with the regulatory requirements and effective implementation of corporate governance practices, the Company has adopted the following codes of governance in accordance with the applicable regulations of Securities and Exchange Board of India: -

- Code of Conduct for prevention of Insider Trading; or regulating the dealings of the Directors and Employees of the Company possessing or likely to possess price sensitive information, in the securities of the Company;
- Code of Conduct for Board of Directors and Senior Management

**3) AUDIT COMMITTEE:**

The composition, procedure, role / function of the Audit Committee are in accordance with the requirements of the Listing Agreement.

**a) Power of the Audit Committee:**

As per Clause 49-II(C), the powers of Audit Committee shall include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advise
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**b) Role & Function:**

As per Clause 49-II (D), role of Audit Committee shall include the following;

- Overview the Company's financial reporting process and its financial statements.
- Recommending to the Board, the appointment, reappointment and, if required the replacement or removal of Statutory Auditor and fixation of audit of fees.
- Approval of payment to Statutory Auditors' for any services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualification in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To looking to the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders and creditors.
- Carrying out any other function as is mentioned in terms of reference to the Audit Committee.
- Reviewing periodically the financial results adequacy of internal audit functions etc.
- Examine accounting policies, taxation matters and disclosure aspects as stipulated under various legislations.
- Investigate any other matters referred to by the Boards.

**c) Composition:**

The Audit Committee consists of Five Directors, out of which, 3 are Independent, Non-Executive Directors, 1 is Promoter, Non-Executive Director and 1 is Executive Director.

Mr. Vijay K. Atre	Chairman	Non-Executive, Independent
Mr. Prafulchandra A. Shah	Member	Non-Executive, Independent
Mr. Niren D. Desai	Member	Non-Executive, Independent
Mrs. Pravina B Manek	Member	Non-Executive
Mr. Mihir B. Manek	Member	Executive

# VIDHI DYESTUFFS MANUFACTURING LIMITED

## d) Meetings & Attendance:

The Members of the Audit Committee met five times during the year.

The Meetings were held on 20<sup>th</sup> April 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009, and 29<sup>th</sup> January 2010, the details of which are as follows.

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mr. Vijay K. Atre	Chairman, Non-Executive, Independent	5	5
Mr. Prafulchandra A. Shah	Non-Executive, Independent	5	5
Mr. Niren D. Desai	Non-Executive, Independent	5	5
Mrs. Pravina B. Manek	Non-Executive	5	5
Mr. Mihir B. Manek	Executive	5	5

All the members of the Audit committee are financially literate and have accounting or related financial management expertise.

## 4) REMUNERATION COMMITTEE

The Remuneration committee is constituted to formulate and recommend to the Board from time to time a compensation structure for Managing Director/Whole-time Director of the Company.

### a) Brief description of terms of reference:

- To review, assess and recommend the appointment and remuneration of Whole-time Director/Managing Director.
- To review the remuneration package including the retirement benefits payable to the Directors, periodically and recommend suitable revision/increments, whenever required to the Board.

### b) Composition:

The Remuneration Committee comprises of four Directors, out of which, 3 are Independent, Non-Executive Directors and 1 is Promoter, Non-Executive Director.

Mr. Vijay K. Atre	Chairman	Non-Executive, Independent
Mr. Prafulchandra A. Shah	Member	Non-Executive, Independent
Mr. Niren D. Desai	Member	Non-Executive, Independent
Mrs. Pravina B Manek	Member	Non-Executive

### c) No. of Meetings and Attendance:

There was no meeting held during the financial year ended 31<sup>st</sup> March 2010.

### d) Remuneration Policy:

The remuneration of the Managing Director/ Executive Directors are decided by the Remuneration Committee based on the Company's performance vis-à-vis the industry performance/track record of the Managing Director/Executive Directors and the same is reported to the Board of Directors. The Company pays remuneration by way of salary to its Managing Director/Executive Directors. Increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective as per the relevant Agreements.

### e) The details of the remuneration paid:

Directors	Remuneration paid/payable during 2009-2010 (Rs.)		
	Salary	Commission	Total
Mr. Bipin M. Manek	15,00,000.00	8,98,795.00	23,98,795.00
Mr. Mihir B. Manek	15,00,000.00	—	15,00,000.00
Mr. Vijay K. Atre	3,00,000.00	—	1,80,000.00
<b>Total</b>	<b>33,00,000.00</b>	<b>8,98,795.00</b>	<b>41,98,795.00</b>

**Details of sitting fees paid to the Non-Executive Directors for the financial year 2009-2010.** The Company pays sitting fees @ Rs.2500/- per Board Meeting to non-executive Directors for attending Meetings of the Board.

Mr. Bipin Manek, Managing Director of the Company has given a personal guarantee for securing repayment of Working Capital Facility and various other financial assistance availed by the Company. Accordingly the Board has decided to pay guarantee commission to @ 0.75% per annum amounting to Rs.11,25,000/-. The same has been provided for in the accounts and shall be payable after the approval of members at this Annual General Meeting.

## 5) SHARE TRANSFER CUM SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

During the year under review, the Shareholders'/ Investors' Grievances Committee was renamed to "Share Transfer Cum Shareholders/ Investors Grievance Committee" by the Board of Directors in their meeting held on 20<sup>th</sup> April 2009 and accordingly the change was taken note of by the Committee.

The Company has always valued its investors and stakeholders relationships in order to ensure the proper and speedy redressal of shareholders'/investors' complaints, The constitution and terms of reference of the Share Transfer Cum Shareholders/Investors Grievance Committee is in conformity with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchange.

### a) Terms of Reference:

- Review the existing Investors Redressal System and suggest measures for improvement.
- Review the report of Registrars and Share Transfer Agents about investor's grievances and follow up for the necessary action taken for redressal thereof.
- Suggest improvement in investor's relations.



- Consider and take on record the Certificate from practicing Company Secretary under Clause 47 of the Listing Agreement.
- Consider appointment/reappointment of Registrars and Share Transfer Agents and review terms and conditions of their appointments, their remuneration, service charges, fees etc.
- Consider and take on record the Secretarial Audit certificate issued by practicing Company Secretary certifying that the aggregate number of equity shares held in depositories and in physical form tally with the total number of shares issued, listed and admitted share capital.

**b) Composition:**

The Shareholders' / Investors' Grievance Committee consist of three Directors, out of which, 2 are Independent, Non-executive Directors and 1 is Promoter, Non-executive Director.

Mrs. Pravina B Manek	Chairperson	Non-Executive
Mr. Vijay K. Atre	Member	Non-Executive, Independent
Mr. Chetan P. Bavishi	Member	Non-Executive, Independent

**c) Meetings & Attendance:**

The Meeting of Investors Grievance Committee was held on 20<sup>th</sup> April 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009, and 29<sup>th</sup> January 2010

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mrs. Pravina B. Manek	Non-Executive	4	4
Mr. Vijay K. Atre	Non-Executive Independent	4	4
Mr. Chetan P. Bavishi	Non-Executive Independent	4	4

**d) The details of Complaints received and redressed during the financial Year 2009 – 2010 are as under;**

Sr.No	Particulars	Correspondences	
		Received	Redressed / attended
<b>Complaints</b>			
1	Non-Receipt of Share Certificates	---	---
2	Non-Receipt of Dividend Warrants	---	---
3	Non-Receipt of Annual Report	1	1
4	SEBI / Stock Exchanges / Forums / Legal	1	1
5	Misce. Complaints	---	---
<b>Requests from Shareholders</b>			
6	Change of Address	---	---
7	POA/Mandate/Bank Details	---	---
8	Exchange / Redemption	---	---
9	Deletion/Transfer/Transmission	1	1
10	Ind Bond / Affix. For Duplicates	---	---
11	Div / RO for revalidation	---	---
12	Filing / Acknowledgement / Misc.	---	---
<b>Total</b>		<b>3</b>	<b>3</b>

All Share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. Sharex Dynamic (India) Private Limited having Registered Office at 17B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle Fort, Mumbai – 400001 and their Branch Office at Unit – 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East) Mumbai-400072.

**e) Compliance officer: -**

Mr. Mahesh Jani has been appointed as the Compliance Officer, as required by the Listing Agreements entered into by the Company with Bombay and Ahmedabad Stock Exchanges. He has been entrusted the task of overseeing the Share Transfer work done by the Registrars and Share Transfer Agents and attending to Grievances of the Shareholders and Investors intimated to the Company directly by SEBI and Stock exchanges. All complaints / Grievances intimated during the year have been resolved within a maximum period of 30 days of their intimations.

**6) GENERAL BODY MEETING: -**

**a) Location and time where last three Annual General Meeting were held:**

Financial Year	Details of Location	Date and Time
2008-2009	E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.	Wednesday, 30-9-2009 at 5.00 p.m.
2007-2008	E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.	Tuesday, 30-9-2008 at 5.00 p.m.
2006-2007	E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.	Saturday, 29-9-2007 at 5.00 p.m.

**b) Special Resolutions passed during previous three Annual General Meeting were held:**

No Special resolution was passed during the previous three Annual General Meetings.

**c) Special Resolutions passed through Postal Ballot during previous three Annual General Meeting :**

No Special resolution was passed through Postal Ballot during the year ended 31<sup>st</sup> March 2010.

However, the Company has passed two Ordinary resolutions by Postal Ballot during the financial year 2009-2010. Pursuant to Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the following Ordinary resolutions were passed through Postal Ballot on 12<sup>th</sup> March 2010.



## VIDHI DYESTUFFS MANUFACTURING LIMITED

- 1) Increase in the borrowing limits of the Company from Rs.10 Crores to Rs.100 Crores under section 293(1)(d) of the Companies Act, 1956.
- 2) Authorization for mortgage of assets to borrowings of the Company under section 293(1)(a) of the Companies Act, 1956.

During the financial year 2010-11, the Company has passed special resolution for the alteration of the main object of the Company to diversify its business activities to undertake construction and realty business activity in addition to current main object of the Company.

### 7) DISCLOSURES:

There has not been any materially significant related party transaction between the Company and its Director, Promoters etc. that may have potential conflict with the interest of the Company at large.

The Company has complied with all regulation of Stock Exchanges, Securities and Exchange Board of India (SEBI) or other statutory authority / ties on any matter related to capital markets. No penalties have been imposed or strictures passed during the year against the Company by SEBI, stock exchange(s), or any other statutory authority.

### 8) MEANS OF COMMUNICATION:

Half yearly / Quarterly Results have not been sent to shareholders; instead shareholders have been intimated through press releases. The Company is also posting the Quarterly Results and Shareholding Pattern at every quarter end on the SEBI's website viz., [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

The quarterly, half-yearly and annual Results of the Company's financial performance are published in the newspapers viz. Business Standard & Dainik Sagar (Regional language - Marathi). The results are informed to the Mumbai Stock Exchange and Ahmedabad Stock Exchange before their press release. The results are also posted on SEBI's website viz. [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

The Corporate Governance Certificate as required under Clause 49 of the Listing Agreement, obtained from Auditors of the Company is attached to this report

The Company has its official website namely [www.vidhifoodcolours.com](http://www.vidhifoodcolours.com) which is providing all the product related and general information about the Company. The Company is regular in submitting all the relevant information with BSE and ASE.

### 9) SHAREHOLDERS INFORMATION:

#### i) 17<sup>th</sup> Annual General Meeting 2009-2010:

**Date and Time** : Thursday, the 9<sup>th</sup> September 2010 at 5.30 p.m.

**Venue** : E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.

**Date of Book Closure** : The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 31<sup>st</sup> August 2010 to Tuesday, the 7<sup>th</sup> September 2010 (both days inclusive).

#### ii) Listing on stock exchange (s):

The Equity Shares of the Company are listed on the Stock Exchange

a) Bombay Stock Exchange Limited: - Stock Code No. - 531717

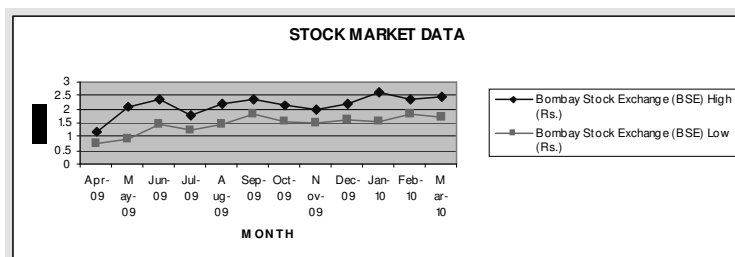
b) Ahmedabad Stock Exchange Limited: - Stock Code No. - 65715

The Company has paid listing fees for the financial year 2010 - 2011 to the Stock Exchanges where the securities are listed.

#### iii) Stock Market Price Data:

Month/Year	Volume Nos.	Bombay Stock Exchange (BSE)	
		High (Rs.)	Low (Rs.)
April 2009	1,11,345	1.18	0.74
May 2009	2,34,089	2.07	0.90
June 2009	2,47,930	2.34	1.44
July 2009	2,04,903	1.77	1.23
August 2009	2,01,661	2.20	1.47
September 2009	2,75,408	2.36	1.84
October 2009	1,12,958	2.13	1.58
November 2009	1,22,655	1.98	1.50
December 2009	2,42,568	2.22	1.60
January 2010	4,90,030	2.61	1.58
February 2010	4,77,041	2.37	1.80
March 2010	3,27,742	2.45	1.73

#### iv) Stock Performance:





**v) Registrars and Share Transfer Agents:****Registered Office: -****Sharex Dynamic (India) Private Limited**17B, Dena Bank Building, 2<sup>nd</sup> Floor

Horniman Circle Fort

Mumbai- 400001

**Branch Office:-****Sharex Dynamic (India) Private Limited**

Unit 1, Luthra Industrial Premises

Andheri Kurla Road, Safed Pool

Andheri (East) Mumbai- 400072

**vi) Share Transfer System**

Company's shares are compulsorily traded in the demat segment on the stock exchange (s), and most of the transfer of shares take place in the electronic form.

For expediting the process of transfer of shares, the Board has delegated the authority to the Compliance Officer/ Share Transfer Cum Shareholders/Investors Grievance Committee, to approve the transfer of shares within the time stipulated in the Listing Agreement. .

Physical transfers are affected well within the stipulated period of 30 days. The Company has duly obtained certificates on half yearly basis, from a Practicing Company Secretary, certifying due compliance with the formalities of share transfer as required under Clause 47(c) of the Listing Agreement and submitted the copy of the certificate to the Stock Exchanges where the securities of the Company are listed.

**vii) Distribution of Share:** Distribution of shareholding as on 31<sup>st</sup> March 2010

Category	No. of	% to Total No. of	No. of Shares	% to Total
Shareholders	Shareholders	Shareholders	Shares	
1-5000	2079	83.83	34,17,874	6.84
5001-10000	190	7.66	15,73,849	3.15
10001-20000	88	3.55	13,22,488	2.65
20001-30000	39	1.57	9,74,923	1.95
30001-40000	21	0.85	7,37,615	1.48
40001-50000	11	0.44	4,91,905	0.99
50001-100000	27	1.09	19,14,463	3.83
Above 100001	25	1.01	3,95,11,883	79.11
<b>TOTAL</b>	<b>2480</b>	<b>100.00</b>	<b>4,99,45,000</b>	<b>100.00</b>

**viii) Shareholding Pattern:** Shareholding Pattern as on 31<sup>st</sup> March 2010

Category	No. of Shares Held	% of Shareholding
<b>A Promoter's Holding</b>		
1 Promoters - Indian Promoters	2,96,69,000	59.40
Foreign Promoters	---	---
2 Persons acting in concert	---	---
<b>B Non-Promoters Holding</b>		
3 Institutional Investors	---	---
A) Mutual Funds and UTI	---	---
B) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	---	---
C) FIs		
<b>4 Others</b>		
A) Private Corporate Bodies	11,24,588	2.25
B) Indian Public	1,54,27,415	30.89
C) NRI's/OCB's	37,02,172	7.41
D) Any other (Clearing Member's)	21,825	0.05
<b>Grand Total</b>	<b>4,99,45,000</b>	<b>100.00</b>



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## ix) Dematerialization of Shares:

The shares of the Company are available for dematerialisation (holding of shares in electronic form) on both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The shares of your Company are to be compulsorily traded in the dematerialised form. As on 31<sup>st</sup> March 2010, 4,55,10,890 Equity Shares comprising of 91.12% of Paid-up Capital of the Company, have been dematerialised by the Investors and bulk of transfers take place in the demat segment.

## x) Outstanding ADR/ GDR:

The Company has not issued any ADRs or GDRs.

## xi) Plant Location:

Plot No. 59-B / 68, M.I.D.C- Dhatav,

Roha (Raigad), Maharashtra – 402 116. Telephone: (02194) 263873

## xii) Investors Correspondence:

Registered Office	Secretarial Department	Registrar & Share Transfer Agents Branch office at :-
The Compliance Officer Vidhi Dyestuffs Mfg. Ltd. E/27, Commerce Centre, 78, Tardeo Road, Mumbai – 400034.	Vidhi Dyestuffs Mfg. Ltd. E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.	Sharex Dynamic (India) Private Limited. Unit –1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East) Mumbai- 400072

## (B) NON-MANDATORY REQUIREMENTS

The Board is taking guidance from Non-Mandatory requirements as mentioned in Corporate Governance. It is always an endeavor of the Board to implement the suggestion of the non mandatory requirements

## CORPORATE GOVERNANCE CERTIFICATE

### To the Members of

### Vidhi Dyestuffs Manufacturing Limited,

We have examined the compliance of conditions of corporate governance by Vidhi Dyestuffs Manufacturing Limited (the Company) for the year ended on 31<sup>st</sup> March, 2010 as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. Bhuta Shah & Co.**  
Chartered Accountants  
Firm Registration No.101474W

**S. J. Parmar**  
Partner  
Membership No. 103424

Mumbai, 15<sup>th</sup> July 2010



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****1) Industry Structure and Developments**

“Vidhi” manufactures edible food colours as ingredient for foodstuffs, pharmaceuticals, confectionery, pet foods, healthcare, dairy, soft drinks and cosmetic industries. The Food colours are intended for industrial use. The demand for the colours is derived directly from its customers and end users through the company's various appointed distributors and country specific suppliers. The company is among the acknowledged world wide leaders in the manufacturing of Food Colours.

“Vidhi” has successfully entered the field of food colours to primarily cater to niche applications. Your company's colors enhance visual characteristics of a variety of products resulting in value added end products for different market segments.

**2) Opportunities**

Processed food industry has done exceeding well even in the recent turbulent times with more and more people world wide choosing foods, drinks and other consumables off the shelf than making it themselves your company sees a steady increase in demand of its colors in times to come.

**3) Threats, Risks and Concerns**

The Company continuously monitors the business environments and has put in place a framework for identification assessments and management of Risks.

Appropriate risk response strategies have been developed for achievement of business objective.

- Appreciating/Fluctuating currency is an area of concern.

**4) Performance**

The Turnover of the Company during the financial year 2009-2010 increased by 81.06% as compared to the last financial year i.e. 2008-2009 on account of very healthy demand for the Company's products world wide. The production utilization capacity was increased by 8.96% as compared to previous year. The profit after tax of the Company was increased by 75.82% as compared to previous year.

As the products of your company are used by food and pharmaceutical industry, The Management is confident that **ISO 9001:2008 and ISO 22000-2005, Hazard Analysis & Critical Control Point Evaluation (HACCP), KOSHER & HALAL** Certification will help your Company to increase its market share during the current year.

**5) Outlook**

In an endeavor to remain supremely competitive your Company has undertaken the task of modernizing & installing new process equipments in a phase wise manner, to boost quality & quantity. Adopting the most cost effective manufacturing practices and changing with changing times will ensure that the Company continues to grow.

**6) Internal Control Systems and their adequacy**

The company has effective internal control systems commensurate with the size of the company. The internal audit department conducts audits of the performance of various departments, functional and locations and also statutory compliances based on an annual audit plan. They report their observations / recommendations to the Audit Committee of the Board of Directors, which comprises of 3 non-executive independent Directors. The audit committee reviews the audit observations and follows up on the implementation of the suggestions and remedial measures and also recommends increased scope of coverage, if necessary.

**7) Financial and operational performance****(i) Highlights of Financial performance:**

Item	(Rs. lakhs)		
	2009-10	2008-09	Change (%)
Turnover	7113.88	3928.94	81.06
Other income	123.12	37.36	229.55
Sub-total (1+2)	7237.00	3966.30	82.46
Total Expenditure (Excluding interest)	6960.94	3683.50	88.98
Profit before interest and Tax	563.46	335.45	67.97
Operating margin	7.79%	8.46%	-0.67
Profit after Tax	285.29	162.27	75.81
Return on Capital Employed	12.92%	8.44%	4.48
Inventory Turnover-Times	0.18	0.16	12.50
Current Ratio	3.94:1	4.94:1	-20.24
Debt: Equity Ratio	0.06	0.21	-71.42

**(i) Operational performance:**

The company has achieved an increase of 75.82% in profit after tax for the year under review on account of various positive factors like control on energy cost by change in Fuel, good demand for the company's colors, good product mix & weaker currency.

**Cautionary Statement**

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute “forward looking statements” within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

**8) Human Resources / Industrial Relations**

The company had total work force of 35 as on 31<sup>st</sup> March 2010. Relations between employees at various levels and the Management have been cordial.

The company has identified and assessed the competencies of Managers to develop their potential through training and management development activities and various measures are underway to maintain a high motivation level of human resources.

**Safety and Ecology**

The factory at Roha continues to achieve considerable success in the prevention of accidents by adhering to strict guidelines. The Company takes pride that there are “No Reportable Accidents” since incorporation. This was made possible by appointing safety consultant, safety day mock drills and strict adherence to lay down QMS/FSMS System standards, whereby calibration of instruments and safety interlocks were checked as per planned schedules. Maintenance of all equipments and testing thereof was carried out as per statutory requirements.

Refresher Annual Safety Training Programmes of all concerned, which also include contractors, were conducted to enhance awareness of safety standards. A greater degree of participation / involvement of workers in safety matters attained of holding periodical shop floor safety meetings.

In addition to continuous efficient operations of the effluent treatment plant at the factory, promotion of general awareness amongst the employees of the Company by training at all levels, has provided good results with regard to pollution control and conservation of natural resources like waste and fuel. Solid waste is regularly disposed of by incineration or in other appropriate manner as per statutory requirements.

The Company is looking forward to further improving its commitments to environment and ecology.

Strict adherence to maintenance schedules has also reduced downtime of critical equipments, which in turn has increased operational efficiency and has reduced costs.



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## AUDITORS' REPORT

To the Members of

### Vidhi Dyestuffs Manufacturing Limited

1. We have audited the attached Balance Sheet of **VIDHI DYESTUFFS MANUFACTURING LIMITED** as at 31<sup>st</sup> March 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) section 274 of the Companies Act, 1956; and
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of **Bhuta Shah & Co.**  
Chartered Accountants

**S. J. Parmar**  
Partner

Membership No. 103424

Mumbai: 27th May 2010

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of our Report on even date on the accounts of **M/s. Vidhi Dyestuffs Manufacturing Limited** ended 31<sup>st</sup> March 2010.

- 1
  - a. The Company is maintaining proper records showing full particulars including quantitative details and situations of fixed assets.
  - b. The management at reasonable intervals during the period has physically verified the fixed assets. According to the explanation given to us, no material discrepancies have been noticed on verification.
  - c. The Company has not disposed off any of its fixed assets during the year.
- 2
  - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and according to information and explanation 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. In our opinion and according to information and explanation given to us and on the basis of our verification of inventory records, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of accounts.
- 3
  - a. According to the information and explanation given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d) are not applicable.
  - b. According to the information and explanation given to us, the Company has taken loan from a Company in which key management personnel have significant influence, covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 78,036/- and outstanding amount at the end of the year is Rs. 72,039/-.
  - c. In our opinion and according to information and explanation given to us, the rate of interest and other terms and conditions on which the above loans have been taken are not prima-facie prejudicial to the interest of the Company.



- d. The principal amounts, are payable on demand and there is no repayment schedule. The interest, where applicable, is receivable on demand.
- 4 In our opinion and according to the information and explanation given to us there are adequate internal control procedures 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 no major weakness has been observed in the internal controls.
- 5 a. According to the information and explanation provided by the management, there have been no contracts or arrangements during the period that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (a) and (b) of the said order are not applicable.
- 6 In our opinion and according to the information and explanation given to us the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the act and the Rules framed there under.
- 7 As explained to us, the Company has no formal internal audit department.
- 8 According to the information and explanation given to us maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956.
- 9 a. According to the information and explanation given to us and according to the books and records produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it with appropriate authorities.
- b. According to the information and explanation given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth-tax, Service-tax, Custom Duty, Excise Duty and Cess were outstanding at the year end for a period of more than six months from the date they became payable.
- c. As explained to us and according to the records of the Company, the following dues of Income Tax have not been deposited on account of dispute:

Name of statute. (Nature of dues)	Assessment year to which the amount relates	Forum where dispute is pending	Amount(Rs. in Lakhs)
Income Tax Act, 1961. (Tax / Interest)	2003-2004	Hon'ble High Court of Bombay	34.98
Income Tax Act, 1961. (Tax / Interest)	2004-2005	Hon'ble High Court of Bombay	13.63

- 10 The Company has neither accumulated losses as at 31<sup>st</sup> March 2010 nor has it incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- 11 Based on the documents and records produced to us and according to the explanation given to us the, Company has not defaulted in repayment of dues to a financial institution or banks as at the balance sheet date.
- 12 According to the information and explanation given to us the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, considering the nature of the business carried down during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- 14 The Company has, in our opinion maintained proper records and contracts with respect to its investments where timely entries of transactions are made in the former. All investments at the close of the year are generally held in the name of the Company.
- 15 According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 16 According to the information and explanation given to us and the records examined, the Company has availed term loan during the year and utilized for the purpose for which they were applied.
- 17 According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after assurances made by the Company for classification of long-term and short-term usages of funds, we are of the opinion that, *prima facie*, as at the close of the year, short-terms funds have not been utilized for long-term investments.
- 18 During the year, the Company has not made any preferential allotment to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 The Company has not issued any debentures and hence, the clause 4(xix) of the Order is not applicable.
- 20 The Company has not raised any money by public issue during the year.
- 21 During the course of our examination of the books of account and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year.

For and on behalf of **Bhuta Shah & Co.**  
Chartered Accountants

**S. J. Parmar**  
Partner

Membership No. 103424  
Firm Registration No.101474W

Mumbai: 27th May 2010



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule	As at 31.03.2010 Rs. inLakhs	As at 31.03.2009 Rs. inLakhs
<b>I) SOURCES OF FUNDS :</b>			
<b>Shareholders' funds</b>			
Share capital	1	500.20	500.20
Reserves and Surplus	2	1,707.74	1,422.45
		<b>2,207.94</b>	1,922.65
<b>Loan funds</b>			
Secured Loans	3	1,211.23	393.49
Unsecured Loans	4	0.72	0.78
<b>Deferred Tax Liability, net</b>		-	16.24
<b>TOTAL</b>		<b>3,419.89</b>	<b>2,333.16</b>
<b>II) APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,223.58	1,182.33
Less : Accumulated Depreciation		882.48	782.96
Net Block		341.10	399.37
Capital WIP		183.54	-
		<b>524.64</b>	399.37
<b>Invetsments</b>	6	20.70	36.45
<b>Current Assets, loans and advances</b>			
Inventories	7	1,255.25	643.36
Sundry Debtors	8	1,565.51	1,048.85
Cash and Bank Balances	9	171.00	69.54
Loans and Advances	10	859.98	625.32
		<b>3,851.74</b>	2,387.07
Less : Current Liabilities and Provisions	11	977.19	489.73
<b>Net Current Assets</b>		<b>2,874.55</b>	1,897.34
<b>TOTAL</b>		<b>3,419.89</b>	<b>2,333.16</b>

**Significant accounting policies and**

**Notes to accounts**

20

The schedules referred to above form an integral part of the balance sheet.

As per our report of even date

**For and on behalf of M/s. Bhuta Shah & Co.**

Chartered Accountants  
Firm Registration No.101474W

**S. J. Parmar**

Partner  
Membership No. 103424  
Mumbai, 27th May 2010

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

**Bipin M. Manek**

Chairman and  
Managing Director

Mumbai, 27th May 2010

**Mihir B. Manek**

Executive Director



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Schedule	Current Year Rs. in Lakhs	Previous Year Rs. in Lakhs
<b>INCOME</b>			
Sales	12	7,113.88	3,928.94
Other Income	13	123.12	37.36
Increase /(Decrease) in Stock	14	287.40	52.64
<b>TOTAL 'A'</b>		<b>7,524.40</b>	<b>4,018.94</b>
<b>EXPENDITURE</b>			
Manufacturing and Operating Expenses	15	6,288.88	3,090.33
Human Resources	16	81.90	83.81
Administrative Expenses	17	210.40	191.58
Selling & Distribution Expenses	18	280.25	221.69
Financial charges	19	116.32	84.00
<b>TOTAL 'B'</b>		<b>6,977.75</b>	<b>3,671.41</b>
<b>PROFIT BEFORE DEPRECIATION</b>	<b>(A - B)</b>	<b>546.65</b>	<b>347.53</b>
Depreciation	5	99.52	96.09
<b>PROFIT BEFORE TAXATION</b>		<b>447.13</b>	<b>251.44</b>
<b>Tax Expense</b>			
Current Year		175.13	96.50
Earlier Year's		2.95	6.25
Deffered Tax		(16.24)	(21.71)
Fringe Benefit Tax		-	8.14
<b>PROFIT AFTER TAXATION</b>		<b>285.29</b>	<b>162.26</b>
Surplus brought forward from previous year		1,289.21	1,126.95
<b>Balance carried to Balance Sheet</b>		<b>1,574.50</b>	<b>1,289.21</b>
<b>Basic / Diluted earnings per share (Rs.)</b>		<b>0.57</b>	<b>0.32</b>

**Significant accounting policies and****Notes to accounts**

20

The schedules referred to above form an integral part of the profit &amp; loss account.

As per our report of even date

**For and on behalf of M/s. Bhuta Shah & Co.**Chartered Accountants  
Firm Registration No.101474W**S. J. Parmar**Partner  
Membership No. 103424  
Mumbai, 27th May 2010**For and on behalf of the Board of Directors****Bipin M. Manek**Chairman and  
Managing Director

Mumbai, 27th May 2010

**Mihir B. Manek**

Executive Director



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As At 31.03.2010 Rs. In lakhs	As At 31.03.2009 Rs. In lakhs
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Aurthorised                      60,000,000 equity shares of Re. 1/- each	<b>600.00</b>	600.00
Issued and Subscribed      50,034,000 equity shares of Re. 1/- each	<b>500.34</b>	500.34
Paid Up                              4,99,45,000 shares of Rs. 1/- each fully paid	<b>499.45</b>	499.45
Add: Forfeited shares	<b>0.75</b>	0.75
<b>Total</b>	<b>500.20</b>	<b>500.20</b>
<b>Schedule 2</b>		
<b>Reserves and Surplus</b>		
<b>General Reserve</b>		
- Balance brought forward	<b>133.24</b>	133.24
Add : Transferred from Profit and Loss Account	-	-
- Balance carried forward	<b>133.24</b>	<b>133.24</b>
Profit and Loss Account	<b>1,574.50</b>	1,289.21
<b>Total</b>	<b>1,707.74</b>	<b>1,422.45</b>
<b>Schedule 3</b>		
<b>Secured Loans</b>		
<b>Term Loans</b>		
Sicom Limited	-	0.09
HDFC Bank Term Loan Account	<b>87.08</b>	-
<b>Working Capital Loans</b>		
Vijaya Bank	<b>499.64</b>	287.87
Bills Discounted	<b>495.86</b>	101.20
HDFC Bank	<b>127.15</b>	-
Kotak Mahindra Prime Limited - vehicle loan	<b>1.50</b>	4.33
<b>Total</b>	<b>1,211.23</b>	<b>393.49</b>
<b>NOTES:</b>		
1) Loan from Vijaya Bank is secured by first mortgage of immovable properties , first charge by way of hypothecation of plant and machinery, spares and accessories relating to plant and machinery and other assets, hypothecation of stocks and book-debts (present and future) and personal guarantee of directors.		
2) Loan from HDFC bank is secured by hypothecation of Factory Shed at Plot No -68 Roha and personal guarantee of Directors		
3) Loan from Kotak Mahindra Prime Limited is secured against hypothecation of car and personal guarantee of a director.		
<b>Schedule 4</b>		
<b>Unsecured Loans</b>		
Inter - Corporate Loans	<b>0.72</b>	0.78
<b>Total</b>	<b>0.72</b>	<b>0.78</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 5

#### FIXED ASSETS

(Rs. in Lakhs)

	Tangible Assets										Total	Previous Year
	Land	Factory Building	Administrative Building	Furniture and Fixtures	Office Premises	Office Equipments	Plant and Machinery	Computers	Telephones	Vehicles		
<b>Rate of Depreciation (%)</b>	-	3.34	1.63	6.33	1.63	4.75	10.34	16.21	4.75	9.5		
<b>Gross Block</b>												
At 1st April 2009	36.38	222.82	29.15	9.93	1.58	9.47	800.44	16.20	2.60	53.76	1,182.33	1,125.01
Additions	-	-	-	-	-	0.70	35.45	-	-	5.10	41.25	73.71
Deductions / adjustments	-	-	-	-	-	-	-	-	-	-	-	16.39
<b>At 31st March 2010</b>	<b>36.38</b>	<b>222.82</b>	<b>29.15</b>	<b>9.93</b>	<b>1.58</b>	<b>10.16</b>	<b>835.90</b>	<b>16.20</b>	<b>2.60</b>	<b>58.86</b>	<b>1,223.58</b>	<b>1,182.33</b>
<b>Accumulated Depreciation</b>												
At 1 April 2009	2.68	69.57	5.07	7.21	0.33	2.19	665.52	14.16	1.26	14.96	782.96	697.15
Charge for the year	0.42	7.48	0.48	0.63	0.03	0.48	84.13	0.36	0.12	5.38	99.52	96.09
Deductions / adjustments	-	-	-	-	-	-	-	-	-	-	-	10.27
<b>At 31st March 2010</b>	<b>3.10</b>	<b>77.05</b>	<b>5.55</b>	<b>7.85</b>	<b>0.36</b>	<b>2.67</b>	<b>749.65</b>	<b>14.52</b>	<b>1.39</b>	<b>20.34</b>	<b>882.48</b>	<b>782.96</b>
<b>Net Block</b>												
At 31st March 2010	33.28	145.77	23.60	2.08	1.22	7.49	86.25	1.68	1.21	38.52	341.10	399.37
At 31st March 2009	33.70	153.25	24.08	2.71	1.25	7.28	134.93	2.03	1.34	38.80	399.37	
								<b>As At 31.03.2010</b>			<b>As At 31.03.2009</b>	
								<b>Rs. In lakhs</b>			<b>Rs. In lakhs</b>	

### Schedule 6

#### Investments

Accentia Technologies Limited(Hitech Ent)	0.22	4.58
BGR Energy Systems	—	0.07
Bits Limited.	0.43	0.43
Brigade Enterprises Limited	—	0.89
Dagger Forst	1.04	1.51
Dewan Hoising Finance	—	3.83
Diamines Chemicals	2.80	3.84
Excel Crop	—	3.04
Gijarat Mineral Devl.	5.28	5.28
Ind. Trade Co.	0.39	0.39
Maars Software	1.20	1.20
N R C Limited	0.88	0.88
Ontrack	5.81	5.81
Reliance Petroleum Limited	-	0.90
Reliance Power Limited	0.26	0.26
Roman Tarmat Limited	1.65	1.65
Satyam Computer	0.44	0.44
Share Application Money	—	0.29
Sterling Biotech	—	0.95
Zylog Systems Limited	—	0.21
Share Application Money	0.29	—
(At Cost - Non trade - long term)		
Aggregate amount of quoted investments (M.V. Rs.11,07,932/- P.Y. Rs.13,42,712/-)		
<b>Total</b>	<b>20.70</b>	<b>36.45</b>

### Schedule 7

#### Inventories (At Cost)

(As taken, valued and certified by management)

Raw Materials	249.70	191.49
Finished Goods	449.91	146.19
Work in Progress	188.60	204.92
Stock in Transit (Raw Materials)	367.04	100.77
<b>Total</b>	<b>1,255.25</b>	<b>643.36</b>



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As At 31.03.2010 Rs. In lakhs	As At 31.03.2009 Rs. In lakhs
<b>Schedule 8</b>		
<b>Sundry Debtors</b>		
<i>(unsecured, considered good)</i>		
Debts outstanding		
- over six months	60.27	73.40
- other debts	1,505.24	975.44
<b>Total</b>	<b>1,565.51</b>	<b>1,048.85</b>
<b>Schedule 9</b>		
<b>Cash and Bank balances</b>		
Cash in Hand	1.73	0.09
Balances with Schedule Banks :	-	-
- on current accounts	104.14	4.33
- on deposit accounts	65.13	65.13
<b>Total</b>	<b>171.00</b>	<b>69.54</b>
<b>Schedule 10</b>		
<b>Loans and Advances</b>		
<i>(unsecured)</i>		
Advances recoverable in cash or in kind or for value to be received	634.19	462.21
Deposits	-	-
( Including Rs. 40 lacs paid to Directors as deposits for premises taken on Lease )	123.86	95.54
Advances to creditors for capital goods	19.36	5.19
Advances to creditors for Goods	76.29	46.84
Advances to creditors for expenses	6.28	15.54
<b>Total</b>	<b>859.98</b>	<b>625.32</b>
<b>Schedule 11</b>		
<b>Current Liabilities and Provisions</b>		
<u>Current Liabilities</u>		
<b>Sundry Creditors</b>		
Capital Goods	0.40	0.41
Other Goods	549.72	72.13
Expenses	59.21	24.27
Other Liabilities	57.32	166.59
Trade Advances	4.13	9.42
Unclaimed Dividend *	0.64	1.14
	<b>671.42</b>	<b>273.96</b>
<b>Provisions</b>		
Provision for taxation	305.77	215.77
	<b>977.19</b>	<b>489.73</b>

\* Note: Investor Education and Protection Fund is credited by the amount of unclaimed dividend after seven years from the due date.

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-2010 Rs. In lakhs	2008-2009 Rs. In lakhs
<b>Schedule 12</b>		
<b>Sales</b>		
<u>Export Sales</u>		
Manufacturing	3,445.46	3,259.78
Trading	649.33	238.21
<u>Local Sales</u>		
Net Manufacturing Sales	164.96	157.25
Trading Sales	2,682.46	141.69
Net Exchange gain / short realisation	171.67	132.01
<b>Total</b>	<b>7,113.88</b>	<b>3,928.94</b>
<b>Schedule 13</b>		
<b>Other Income</b>		
Export Incentives	109.80	30.79
Discount	0.50	0.15
Dividends	0.43	0.30
Interest	6.02	6.12
Profit on sale of investments	6.37	-
<b>Total</b>	<b>123.12</b>	<b>37.36</b>
<b>Schedule 14</b>		
<b>Increase /(Decrease) in Stock</b>		
Opening Stock		
Finished Goods	146.19	114.38
Work-in-progress	204.92	184.08
<b>Total (A)</b>	<b>351.11</b>	<b>298.46</b>
Closing Stock		
Finished Goods	449.91	146.19
Work-in-progress	188.60	204.92
<b>Total (B)</b>	<b>638.51</b>	<b>351.11</b>
<b>Increase / (Decrease) in Stock</b>	<b>Total (B - A)</b>	<b>287.40</b>
		<b>52.64</b>



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-2010 Rs. In lakhs	2008-2009 Rs. In lakhs
<b>Schedule 15</b>		
<b>Manufacturing and Other Operating Expenses</b>		
Raw Material consumed	2,805.39	2,032.78
Fuel, Water and Power Charges, net	244.25	217.66
Trading Purchase	2,746.10	455.63
Stores and Spares Purchase	130.32	104.34
<u>Repairs and Maintenance</u>	-	-
Plant and Machinery	23.83	37.61
Factory Building	48.69	40.83
Stores and Spares	11.88	27.99
Computer Maintenance	0.31	0.90
Others	0.13	0.08
<u>Other Operating Expenses</u>	-	-
Agency Charges	12.25	8.58
Clearing and Forwarding	165.93	89.40
Insurance ( Plant and Machinery)	1.45	1.87
Insurance (Stock)	0.95	2.65
Lab Expenses	8.80	6.01
Legal and professional charges	4.89	3.42
Licence Procurement Premium	16.28	22.61
Other Manufacturing Expenses	60.31	30.83
Commission on Purchases	3.71	-
Rent, Rates and Taxes	3.41	7.14
<b>Total</b>	<b>6,288.88</b>	<b>3,090.33</b>

### **Schedule 16**

#### **Human Resources**

Basic Salary, Allowances and Other Emoluments	61.66	58.15
Staff Welfare Expenses	16.76	22.83
Contribution to Provident Fund, Gratuity Fund	3.48	2.83
<b>Total</b>	<b>81.90</b>	<b>83.81</b>



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-2010 Rs. In lakhs	2008-2009 Rs. In lakhs
<b>Schedule 17</b>		
<b>Administrative Expenses</b>		
Auditor's Remuneration	3.00	3.25
Conveyance and Travelling	46.79	37.77
Director's Remuneration	30.00	31.05
Guarantee Commission to directors (refer note 7 of part II of Notes to Accounts)	-	-
Commission to Directors	11.25	-
Technical Directors Remuneration	8.99	-
Directors Sitting Fees	3.00	1.80
Donation	0.35	0.09
Electricity Expenses	4.53	1.38
Insurance - vehicles and other assets	2.13	1.23
Keyman Insurance Premium	0.98	2.79
Legal and professional charges	2.76	0.79
Loss on Sale of Motor Car	6.45	12.80
Membership and Subscription Fees	-	5.26
Other office expenses	3.00	1.13
Printing and Stationery	16.56	11.59
Loss on sale of investments	14.75	13.94
Bad Debts	0.35	5.07
Rent, Rates and Taxes	33.80	45.33
Sundry balance written off	2.83	2.80
Telephone Expenses	11.84	5.92
	7.04	7.59
<b>Total</b>	<b>210.40</b>	<b>191.58</b>
<b>Schedule 18</b>		
<b>Selling and Distribution Expenses</b>		
Advertisement	2.27	1.67
Business Promotion	33.51	29.78
Certificate of origin fees	29.82	25.70
Clearing and Forwarding	165.51	134.60
Commission	20.34	4.55
Discount on Sales	4.30	7.10
E. C. G. C. Premium	8.93	5.56
Exhibition and Trade Fair Expenses	10.17	3.96
Foreign Travelling Expenses	3.61	6.84
Insurance	1.30	1.64
Other expenses	0.50	0.29
<b>Total</b>	<b>280.25</b>	<b>221.69</b>
<b>Schedule 19</b>		
<b>Financial Charges</b>		
Bank interest and charges	116.09	83.57
Interest on Car Loan	0.23	0.43
<b>Total</b>	<b>116.32</b>	<b>84.00</b>



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS

### Background

The Company is engaged in the business of manufacturing and trading of food colours and trading in chemicals. The Company has been incorporated on 19<sup>th</sup> January, 1994.

### **Schedule 20 Part I - Significant accounting policies and notes to accounts**

#### **a. Basis of preparation of Financial Statements**

The financial statements are prepared and presented under the historical cost convention, on accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the accounting standards specified in the Companies (Accounting Standards) Rules 2006, issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards and relevant provisions of Companies Act, 1956 ('the Act'), to the extent applicable. The major accounting policies are detailed hereunder.

#### **b. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Difference between the actual results and the estimates are recognized in the period in which the results are known /materialized.

#### **c. Revenue recognition**

Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership of the products on to the customers, which is generally on dispatch of goods. Sales are stated exclusive of sales tax and net of trade and quantity discount.

Dividend Income is recognized when the right to receive the dividend is established.

Interest Income is recognized on the time proportion basis.

Export turnover include exchange rate difference arising on realisation.

Export incentives / benefits are accounted for on accrual basis on value of exports affected during the year.

#### **d. Inventories**

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued at lower of cost or net realizable value on First-in-First-basis (FIFO).

Cost of work-in-process and finished goods include material cost, labour cost and manufacturing overheads absorbed on the basis of normal capacity of production. Excise duty payable on production is accounted for at the time of removal from the factory.

Stores and Spares are charged to the profit and loss account in the year of purchase.

#### **e. Fixed Assets and Depreciation**

Fixed assets are stated at the historical cost (Net of MODVAT) of acquisition less accumulated depreciation. The costs of fixed assets include taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Depreciation on fixed assets is provided for on the straight-line method at the rates and in the manner specified in schedule xiv to the companies act, 1956.

Leasehold land is amortized over the period of lease.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets before the balance sheet date.

#### **f. Foreign currencies**

Foreign Currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance sheet are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

#### **g. Investments**

Long Term investments are stated at cost. The diminution in the market value of investments is not considered unless such diminution is considered permanent.

Current investments are carried at the lower of cost or quoted /fair value, computed separately in respect of each category of investments.



**h. Retirement benefits****a. Post-employment benefits**

- i. **Defined Contribution Plans:** The Company's approved provident fund scheme is defined benefit plan. The Company's contribution paid / payable under the scheme is recognized as expenses in the profit and loss account during the period in which the employee renders the related service.
- ii. **Defined Benefit Plans:** The Company's gratuity is defined benefit plan. The present value of obligation under such defined benefit plan is determined based in actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date.

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

**i. Earnings per share**

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

**j. Taxation****Direct Taxes**

Provision for current tax is made and retained in accounts on the basis of estimated tax liability as per the applicable provisions of the Income-Tax Act, 1961.

Deferred tax for timing differences of depreciation between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets are not recognized as the differences are pertaining to depreciation.

**Indirect taxes**

The liabilities are provided or considered as contingent depending upon the merits of each case and/or receiving the actual demand from the department

**k. Provision, contingent liabilities and contingent assets**

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes it has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Disclosures for contingent liability are made when there is a possible or present obligation for which it is not probable that there will be an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the can be reasonably estimated.

Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**II. Notes forming part of the accounts for the year ended 31<sup>st</sup> March, 2010.**

1. Depreciation for the year has been calculated at the rates and in the manner specified in schedule xiv to the companies act, 1956. Plant and machinery falling in the category of continuous process plants has been identified on the basis of technical opinion obtained by the Company.
2. Break-up of expenditure incurred during the year on employees in respect of remuneration exceeding Rs.24 lakhs per year or Rs.2 lakhs or more per month or part of the month – none (previous year – none).
3. In view of the accounting policy followed by the Company, excise duty payable on finished goods is neither included in the expenditure nor included in the value of such stocks, but is accounted for on clearance of the goods. This accounting treatment has no impact on profits. The amount of excise duty payable on finished goods not cleared as at 31<sup>st</sup> March, 2010 is Rs. 13.56 lakhs (previous year Rs. 12.05 lakhs).
4. In the opinion of the directors, current assets, loans and advances have the value at which they are stated in the balance sheet, if realised in the ordinary course of business. Sundry debtors, creditors and advances are subject to confirmation. Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, general economic factors, which could affect the customer's ability to settle.
5. Segment reporting

The Company's main activity is manufacturing and trading of food colours and trading in chemicals which constitutes a single reportable segment in the context of accounting standard – 17 "segment reporting" issued by the institute of chartered accountants of india.



## VIDHI DYESTUFFS MANUFACTURING LIMITED

6. Motor car reflected in the balance sheet is owned and belongs to the Company. However, for the sake of convenience it has been purchased in the name of a director.
7. The Company has provided bank guarantee commission payable to directors amounting to rs.11,25,000/- which is subject to approval of the members.
8. The amounts receivable from government authorities are subject to completion of final assessment.
9. Contingent liabilities (Rs. In lakhs)

Nature of dues	2009-2010	2008-2009
Income tax for a.y. 2004-05(income-tax department's appeal pending before hon'ble high court of bombay)	48.61	40.76

10. The Company has not received information from vendors regarding their status under the micro, small and medium enterprises development act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this act have not been given.
11. Additional information pursuant to the provisions of paragraphs 3, 4, 4 – A, 4 – B and 4 – C of part ii of schedule vi of the companies act, 1956

**a) Production and Sales - net of captive consumption**

Production Quantity M.T.	Turnover Quantity M.T.	Closing Stock Quantity M.T.	Closing Stock Value Rs. (In Lakhs)
1083.285	1082.573	59.619	166.40

**b) Consumption of Raw Material and Stores and Spares –**

(Previous Year – Rs. 2137.12 Lakhs)

Item Name	Quantity (M.T.)	Value Rs. (In Lakhs)
Soda Ash	538.98	56.83
Sulphuric Acid	297.475	10.59
Sodium Naphthionate	178.827	228.12
Vacuum Salt	739.139	34.11
Beta Nephthol	209.50	233.05
Hydrochloric Acid	791.152	8.10
Sulphanilic acid	182.942	97.86
Others (Including Stores and Spares)		2264.23
<b>TOTAL</b>		<b>2932.89</b>

**c) Closing Stock – Raw Material and Packing Materials**

(Previous Year – Rs. 191.49 Lakhs)

Item Name	Quantity (M.T./Nos*)	Value (in lakhs)
Dimethyl Acetyl Succinate	21.40	26.83
Aluminium Sulfate	11.06	0.85
Furnace Oil	11.014	2.75
N.W.Acid	6.18	16.68
P.C.O.S.A	5.88	13.65
Soda Ash	9.14	0.84
Schaffers Acid	10.53	17.18
Sodium Naphthionate	8.83	11.65
Sulphanilic Acid	28.81	16.95
Vaccum Salt	45.73	4.53
* Plastic Bag	627	0.60
* Bucket /Drums /Corrugated Boxes	3523	3.98
Others		133.20
<b>TOTAL</b>		<b>249.69</b>





d) **Details of Goods Produced**

Item Name	Opening Stock (Quantity M.T)	Closing Stock (Quantity M.T)
Food Colours	58.907	59.619

e) **Trading Purchase and Sales**

(Rs. in lakhs)

Item	Opening Stock Value	Opening Stock Quantity M.T.	Purchase Quantity M.T.	Turnover Quantity M.T.	Closing Stock Quantity M.T.	Closing Stock Value
Chemicals	3.24	11.28	11872.39	11013.68	858.71	283.51
Food Colours	11.25	6.70	156.85	160.70	1.85	4.49

f) **Deferred Tax**

The deferred tax during the year for timing difference is accounted using tax rates that have been enacted; the net difference arising thereon is debited to Profit and Loss Account. As per the management, since there is no other timing difference other than depreciation and therefore no deferred tax assets have been created for the accounting year.

The Break-up of deferred tax assets and liabilities into major components at the year-end is as below:

Particulars	Deferred tax (asset)/ liability as at 1-4-2009	(Charge)/credit For the Year.	Deferred tax (asset)/ liability as at 31-3-2010
Depreciation	19.39	(19.39)	-
Others	-3.15	3.15	-
Total	16.24	(16.24)	-
Previous Year	37.95	(21.71)	16.24

i) **Managerial remuneration paid/payable to managing directors as per Schedule XIII Part II**

	2009-10
<b>Profit before tax</b>	<b>4,47,13,409</b>
<b>Add:</b>	
Managing and other director's remuneration and commission	38,98,795
Depreciation charged in the accounts	99,51,147
<b>Less:</b>	
Depreciation as computed under section 350 of the Act	99,51,147
Profit on sale of Investments	6,36,312
<b>Net Profit as per section 349 of the Act</b>	<b>4,79,75,893</b>
<b>Commission payable to Managing Director @ 2%</b>	<b>9,59,518</b>
<b>Restricted to overall limits</b>	<b>8,98,795</b>

g) **Details of payment made to Auditors:**

Name of the Item	2009-10	2008-09
Statutory Audit	1,00,000	1,00,000
Taxation Matters	25,000	25,000
Other Services	2,75,000	1,99,720

h) **Capacity:**

Particulars	2009-2010 M.T.	2008-2009 M.T.
Licensed	1,140	1,140
Installed	1,140	1,140

i) **Value of Imports on C.I.F. basis**

(Rs. in Lacs)

	2009-2010	2008-2009
Raw Materials	2061.21	1209.78
Trading Purchase	1660.45	-
Components and spare parts	15.60	-
Capital Goods	Nil	Nil



## VIDHI DYESTUFFS MANUFACTURING LIMITED

j) Expenditure in Foreign Currency	(Rs. in Lacs)	
	2009-2010	2008-2009
Commission on export sales	3.37	4.04
Travelling Expenses	3.61	6.08
Exhibition and Trade Fair expenses	10.17	3.38
FDA Marking fees	29.72	24.84

k) Value of imported and indigenous materials consumed	(Rs. in lakhs)			
	2009-10	%	2008-09	%
Raw Material – Indigenous	744.18	26.53	760.73	37.42
Imported (CIF)	2061.21	73.47	1,272.05	62.58
<b>Total 'A'</b>	<b>2805.39</b>	<b>100.00</b>	<b>2,032.78</b>	<b>100.00</b>
Components, spare parts and spares – indigenous	127.50	100.00	104.34	100.00
<b>Total 'B'</b>	<b>127.50</b>	<b>100.00</b>	<b>104.34</b>	<b>100.00</b>
<b>Total 'A+B'</b>	<b>2932.89</b>	<b>2,137.12</b>		

l) Earnings in Foreign Currency	(Rs. In Lakhs)	
	2009-10	2008-09
Exports (F.O.B.)	3721.62	3368.33

### m) Related Party Disclosures:

Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below:

#### Key management personnel and relatives

Key management personnel

1. Mr. Bipin M. Manek – Chairman and Managing Director
2. Mr. Vijay K. Atre – Technical Director
3. Mrs. Pravina B. Manek – Director
4. Mr. Mihir B. Manek – Executive Director
5. Mr. Ajay V. Pande – Factory Manager

Enterprises over which key management personnel have significant influence:

M/s. Arjun Food Colorants Manufacturing Private Limited

#### (a) Transactions with related Parties (Rs. in Lakhs )

Nature of transactions	2009-2010		2008-2009	
	Significant influence of Key Management Personnel	Relatives of Key Management Personnel	Significant influence of key management personnel	Relatives of Key Management Personnel
Managerial Remuneration	38.99	-	31.05	-
Technical Director Remuneration	-	3.00	-	1.80
Bank Guarantee Commission	11.25	-	-	-
<b>Outstanding Balances Payable</b>				
Trade Advance	0.72	-	0.78	-



n) **Basic and Diluted Earning Per Share :**

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered.

Particulars	(Rs. in Lakhs)	
	2009-10	2008-09
Net Profit after tax	285.29	162.25
Weighted average number of equity shares (Nos.)	5,00,20,000	5,00,20,000
Basic Earning Per Share (Rupees per share)	0.57	0.32
Diluted Earning Per Share (Rupees per share)	N. A.	N. A.

o) **Details of Investment Purchase / Sold during the year**

Name of the Company	Purchased		Sold	
	Quantity	Value	Quantity	Value
Accentia Technologies Limited	-	-	2,850	82,4621
Brigade Enterprise Limited	-	-	228	31,257
BGR Energy Systems Ltd	-	-	14	7,067
Deggar Forest	-	-	620	7,886
Dewan Housing Finance Corporation Limited	-	-	3,200	6,35,836
Diamines Chemicals	-	-	1,351	66,559
Excel Crop Care Limited	-	-	3,000	4,93,500
Reliance Petroleum	-	-	62	66,991
Sterling Biotech	-	-	500	54,785
Zylog Systems Limited	-	-	60	27,032
CSEC	1,100	4,76,120	1,100	4,78,948
<b>Grand Total</b>	<b>1,100</b>	<b>4,76,120</b>	<b>12,985</b>	<b>26,94,483</b>

12. Previous year's figures have been regrouped and rearranged, wherever necessary, to confirm to the years classification.

Signature to schedule 1 to 20

As per our report of even date

As per our report of even date

**For and on behalf of M/s. Bhuta Shah & Co.**

Chartered Accountants  
Firm Registration No.101474W

**S. J. Parmar**

Partner  
Membership No. 103424  
Mumbai, 27th May 2010

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

**Bipin M. Manek**  
Chairman and  
Managing Director

Mumbai, 27th May 2010

**Mihir B. Manek**  
Executive Director



# VIDHI DYESTUFFS MANUFACTURING LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in Lacs)

	2009-2010	2008-2009
<b>Cash flow from operating activities</b>		
Profit before tax	447.13	251.45
<b>Adjustments for :</b>	-	-
Depreciation	99.51	96.09
Interest expense	116.32	84.01
Bad Debt w/off	33.80	-
Sundry Balances w/off	11.84	-
Loss on sale of fixed assets	-	5.26
(Profit) / Loss on sale of investments	(6.36)	1.94
Interest income	(6.01)	(6.12)
Dividend income	(0.43)	(0.30)
	<b>248.67</b>	<b>180.88</b>
<b>Operating profit before working capital changes</b>	<b>695.80</b>	<b>432.32</b>
Increase in inventories	(611.89)	26.63
Increase in sundry debtors and other receivables	(664.96)	211.22
Increase in sundry creditors and provisions	309.38	(71.12)
	<b>(967.47)</b>	<b>166.74</b>
<b>Net change in working capital</b>	<b>(967.47)</b>	<b>166.74</b>
<b>Cash generated from Operations</b>	<b>(271.67)</b>	<b>599.06</b>
Direct taxes paid, net	(132.00)	(126.91)
	<b>(403.67)</b>	<b>472.15</b>
<b>Net cash provided by operating activities</b>	<b>A</b>	<b>472.15</b>
<b>Cash flow from investing activities</b>	-	-
Purchase of fixed assets	(41.25)	(73.71)
Capital WIP	(183.54)	-
Proceeds from sale of fixed assets	-	0.86
Purchase of investments, Net	-	(17.13)
Sale of investments	22.12	-
Dividend received	0.43	0.30
Interest received	6.01	6.12
	<b>(196.22)</b>	<b>(83.56)</b>
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(83.56)</b>
<b>Cash flow from financing activities</b>	-	-
Interest paid	(116.32)	(84.01)
Increase / (Decrease) in long term borrowings	87.02	(0.72)
Increase / (Decrease) in short term borrowings	730.65	(326.83)
	<b>701.35</b>	<b>(411.56)</b>
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(411.56)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>A+B+C</b>	<b>(22.98)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>69.54</b>	<b>92.52</b>
	<b>171.00</b>	<b>69.54</b>

Note: Prior year figures have been reclassified/regrouped wherever necessary to conform to the current year' presentation.

As per our report of even date

**For and on behalf of M/s. Bhuta Shah & Co.**

Chartered Accountants  
Firm Registration No.101474W

**S. J. Parmar**

Partner  
Membership No. 103424  
Mumbai, 27th May 2010

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

**Bipin M. Manek**  
Chairman and  
Managing Director

Mumbai, 27th May 2010

**Mihir B. Manek**  
Executive Director



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS****I. Registration Details**

Registration No. 

1	1	-	7	6	1	5	6
---	---	---	---	---	---	---	---

 State Code 

1	1
---	---

Balance Sheet 

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

Date                      Month                      Year

**II. Capital Raised during the year (Amount in Rs. Thousand)***Public Issue*

					N	I	L
--	--	--	--	--	---	---	---

*Bonus Issue*

					N	I	L
--	--	--	--	--	---	---	---

*Rights Issue*

					N	I	L
--	--	--	--	--	---	---	---

*Private Placement*

					N	I	L
--	--	--	--	--	---	---	---

**III. Position of Mobilization and Deployment of Fund (Amount in Rs. Thousands)***Total Liabilities*

		4	3	9	7	.	0	8
--	--	---	---	---	---	---	---	---

*Sources of Funds**Paid-up Capital*

			5	0	0	.	2	0
--	--	--	---	---	---	---	---	---

*Secured Loans*

		1	2	1	1	.	2	2
--	--	---	---	---	---	---	---	---

*Deferred tax liability*

					0	.	0	0
--	--	--	--	--	---	---	---	---

*Application of Funds**Net Fixed Assets*

			5	2	4	.	6	4
--	--	--	---	---	---	---	---	---

*Net Current Assets*

		2	8	7	4	.	5	5
--	--	---	---	---	---	---	---	---

*Accumulated loss*

						N	I	L
--	--	--	--	--	--	---	---	---

*Total Assets*

		4	3	9	7	.	0	8
--	--	---	---	---	---	---	---	---

*Reserves & Surplus*

		1	7	0	7	.	2	5
--	--	---	---	---	---	---	---	---

*Unsecured Loans*

					0	.	7	2
--	--	--	--	--	---	---	---	---

*Investments*

				2	0	.	7	0
--	--	--	--	---	---	---	---	---

*Miscellaneous Expenditure*

						N	I	L
--	--	--	--	--	--	---	---	---

*Deferred tax asset*

						N	I	L
--	--	--	--	--	--	---	---	---

**IV. Performance of Company (Amount in Rs. Thousand)***Turnover*

		7	2	3	6	.	9	9
--	--	---	---	---	---	---	---	---

*Profit / Loss Before Tax*

			4	4	7	.	1	3
--	--	--	---	---	---	---	---	---

+ --  
+ --

(Please tick Appropriate box + for profit, -- for loss)

*Earning Per Share in Rs.*

					0	.	5	7
--	--	--	--	--	---	---	---	---

*Total Expenditure*

		7	0	7	7	.	2	7
--	--	---	---	---	---	---	---	---

*Profit / Loss After Tax*

			2	8	5	.	2	9
--	--	--	---	---	---	---	---	---

*Dividend (%)*

						N	I	L
--	--	--	--	--	--	---	---	---

**V. Generic Names of Principal Products / Services of Company (as per monetary term)**Item No. 

	3	2	.	0	4	.	1	9
--	---	---	---	---	---	---	---	---

Product 

S	Y	N	T	H	E	T	I	C		O	R	G	A	N	I	C				
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	--	--	--	--

Description 

C	O	L	O	U	R	I	N	G		M	A	T	T	T	E	R				
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	--	--	--	--

Item No. 

	3	2	.	0	5	.	0	0
--	---	---	---	---	---	---	---	---

C	O	L	O	U	R		L	A	K	E	S									
---	---	---	---	---	---	--	---	---	---	---	---	--	--	--	--	--	--	--	--	--

The Earning per share disclosed above has been computed in accordance with the Accounting Standard - 20, Earning per share, specified in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS')

As per our report of even date

**For and on behalf of M/s. Bhuta Shah & Co.**

Chartered Accountants

Firm Registration No.101474W

**S. J. Parmar**

Partner

Membership No. 103424

Mumbai, 27th May 2010

**For and on behalf of the Board of Directors****Bipin M. Manek**

Chairman and

Managing Director

Mumbai, 27th May 2010

**Mihir B. Manek**

Executive Director







**VIDHI DYESTUFFS MANUFACTURING LIMITED**  
 Regd. Office : E-27, Commerce Centre, 78 Tardeo Road, Mumbai - 400 034.

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall.

Name of the attending Members/ Proxy (in Block Letters)	Membership Folio No. / Client ID No.
	No. of Shares held

I hereby record at the **17TH ANNUAL GENERAL MEETING** of the Company being held on Thursday, the 09<sup>TH</sup> September 2010 at 5.30 P.M. at E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400034.

Member's/ Proxy Signature  
 (To be signed at the time of handing over the slip)

-Tear Here -



**VIDHI DYESTUFFS MANUFACTURING LIMITED**  
 Regd. Office : E-27, Commerce Centre, 78 Tardeo Road, Mumbai - 400 034.

**FORM OF PROXY**

I / We \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member/Members of the above named Company, hereby appoint of \_\_\_\_\_  
 \_\_\_\_\_ or failing him/her \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on/mybehalf at the 17th Annual General Meeting of the Company to be held on Thursday, the 09<sup>TH</sup> September 2010 at 5.30 P.M. at E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400034 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Membership Folio No./Client IDNO : \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Important :

Re. 1/-  
 Revenue  
 Stamp

- (a) Revenue Stamp of Rupee one is to be affixed on this form.
- (b) The form should be signed across the stamp as per specimen signature registered with the Company.
- (c) The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited not less than FORTY EIGHT HOURS before the time fixed for holding the Meeting at Registered Office of the Company situated at E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.
- (d) A proxy need not be a Member.

Tear Here

CRYSTAL (022) 6614 0900

**BOOK - POST**

If undelivered, please return to :

**VIDHI DYESTUFFS MANUFACTURING LIMITED**  
E-27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.