



21ST
ANNUAL REPORT
2010-2011



THE NAME BEHIND
COLORS OF MODERN LIFE



CHAIRMAN'S STATEMENT



Bhagwandas K. Patel
Chairman & Managing Director

Dear Members,

I welcome you all to this 21st Annual General Meeting and present the Annual Report of your Company.

The Company has managed to turn in a satisfactory performance in a fairly challenging environment and sustained a steady momentum of profitability and growth. For the financial year ended on March 31, 2011, turned in after tax profit of Rs. 565.39 Lacs in comparison with profit after tax profit of Rs. 485.01 Lacs in the preceding 12-month period. The Board of Directors has recommended a dividend of Rs. 1.50 for an equity share of Rs. 10 for the financial year ended on March 31, 2011.

Industry Prospects

A Roman saying goes that people "eat with their eyes" as much as with their palates. Not alone children, even adults are attracted towards colored. Food colors are used in virtually every food product, bakery products, dairy products, confectionary products, cosmetic & personal care products, biscuit (cookie) filling sugar decoration, seasoning, soft drinks and pharmaceutical products. Though there is a growing realization that the color additives should be used to the minimum, the fact is that the food doesn't even look presentable at times without it and appears inedible. Colors are used to bring a variation and maintain the natural appeal of the preserved food. Either the synthetic food colors or natural food colors, the color has always had an important implication on the minds of people as far as food is concerned. Cuisines prepared in attractive colors have immensely lured men folk in all the quarters of the world. The overall colour market is forecast to grow in line with technological and sociological changes that will lead to an overall increase in processed food industry.

Looking Ahead

The outlook for the future continues to be optimistic as your Company is into national as well international player with capabilities is quickly taking shape. Our commitment is also shared by our highly motivated and innovative team of employees at all levels and I am confident of taking your Company to greater heights in the years to come.

In conclusion, I would like to heartily thank the Board, the management, shareholders and especially our vibrant team of employees for their consistent support and commitment to the Company.

Bhagwandas K. Patel

Chairman & Managing Director

"The thing always happens that you really believe in; and the belief in a thing makes it happen."

- Frank Loyd Wright

CORPORATE INFORMATION

BOARD OF DIRECTORS

Bhagwandas K. Patel	<i>Chairman & Managing Director</i>
Dashrath P. Patel	<i>Whole Time Director</i>
Ramesh B. Patel	<i>Whole Time Director</i>
Shashikant P. Patel (upto 28.05.2011)	<i>Whole Time Director</i>
Dixit B. Patel	<i>Whole Time Director</i>
Jagdish S. Shah	<i>Independent Director</i>
Hitendra H. Sheth	<i>Independent Director</i>
Harish K. Shah (upto 08.11.2010)	<i>Independent Director</i>
Vishnu G. Patel	<i>Independent Director</i>
Shankarlal B. Mundra	<i>Independent Director</i>
Ashish R. Joshi (w.e.f. 29.12.2010)	<i>Independent Director</i>

COMMITTEES OF DIRECTORS

Audit Committee

Ashish R. Joshi (w.e.f. 29.12.2010)
Hitendra H. Sheth
Jagdish S. Shah
Harish K. Shah (upto 08.11.2010)

Remuneration Committee

Shankarlal B. Mundra
Hitendra H. Sheth
Jagdish S. Shah

Investors Grievance Committee

Hitendra H. Sheth (w.e.f. 09.11.2010)
Harish K. Shah (upto 08.11.2010)
Bhagwandas K. Patel

CHIEF FINANCIAL OFFICER

Josekutty Thomas

COMPANY SECRETARY

Varsha Mehta

PLANT LOCATION

Unit-1 : 6401/15/16 GIDC Estate, Ankleshwar.
Unit-2 : 3709/6, 3710/1, 3710/3, GIDC Estate, Ankleshwar.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Share Transfer Agent, Bigshare Services Private Limited.

CONTENTS

Notice	02
Directors' Report	08
Annexure A – Conservation of energy, etc.	10
Annexure B - Management Discussion and Analysis	11
Corporate Governance Report	12
Auditors' Report	18
Financial Statements	21
Statement Pursuant to Section 212	38
Auditors' Report on Consolidated Financial Statement	42
Consolidated Financial Statements	43
Proxy & Attendance Slip	59

TWENTYFIRST ANNUAL GENERAL MEETING

DATE : August 18, 2011

DAY : Thursday

TIME : 4.00 P.M.

PLACE : Dinner Bell – II, Atlantis Enclave, Nr. IDBI Bank, Subhash Chowk, Gurukul, Memnagar Road, Ahmedabad – 380052.

- NOTE :
1. Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
 2. No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Company will be held at Dinner Bell – II, Atlantis Enclave, Nr. IDBI Bank, Subhash Chowk, Gurukul, Memnagar Road, Ahmedabad – 380052 on Thursday, 18th August, 2011, at 4.00 p.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2011, Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend of Rs. 1.50 per Equity Share i.e. 15 % per Equity Share for the year ended 31st March, 2011.
3. To appoint a Director in place of Shri Jagdishbhai S. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri Vishnubhai G. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s Shah Rajesh & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of the 21st Annual General Meeting upto the conclusion of the next i.e. 22nd Annual General Meeting of the Company and to authorize the Board of Directors of the Company to fix their remuneration.

Special Business :

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

“RESOLVED THAT Shri Ashish R. Joshi, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 318, and all other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines as applicable from time to time, approval of the Company be and is hereby accorded for paying compensation on not offering himself for re-appointment to Mr. Shashikant P. Patel as a Wholtime Director of the Company, for the services rendered by him and his long term association with the Company”.

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

“RESOLVED THAT pursuant to provisions of Section – 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or reenactments thereof for the time being in force, consent of the company be and is hereby accorded that remuneration of Shri Mukesh B. Patel, Manager Export, who is relative of Shri Bhagwandas K. Patel, Managing Director and Shri Dixit B. Patel, Director of the Company, be increased w.e.f. 01/04/2012 from Rs. 49,500/- Gross per month plus bonus and other perquisites (in the scale of Rs. 50,000/- to Rs. 2,50,000/-) per month time to time on normal increment basis as per general policy of the Company and applicable to other employees in his grade.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 317, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines as applicable from time to time, Shri Bhagwandas K. Patel be and is hereby re-appointed as Managing Director of the Company for further period of five years with effect from January 1, 2011 and upon re-appointment as a Managing Director his office shall not be liable to retire by rotation, on the following terms and conditions as set out hereunder :-

Salary :

Gross Salary Rs. 100000/- (Rupees One Lac only) per month (in the scale of Rs. 100000/- to Rs. 200000/-)

Commission :

Commission at the rate of 1.5% to 3% on the sale of products which are not manufactured by the Company, which is exclusively handled by the Managing Director.

Perquisites :

- (a) Bonus, Medical Allowance, HRA, Children Education Allowance, Entertainment Expenses, Conveyance, LTC etc. as per company's rule.
- (b) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund where the said contributions are upto the limits which are not taxable under the income-tax Act, 1961.
- (c) Gratuity as per company's rule. Encashment of leave at the end of the term will not also be included in the monetary value of perquisites.

Period :

From 01.01.2011 to 31.12.2015

RESOLVED FURTHER THAT the Board be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites to the extent specified in Schedule XIII and other applicable provisions, if any, of the Act, as amended from time to time.

SITTING FEES : As long as Shri Bhagwandas K. Patel functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors / Committee thereof.

RESOLVED FURTHER THAT in the event of the Company not earning any profit / earning inadequate profits during any financial year during the currency of the tenure of Shri Bhagwandas K. Patel, as Managing Director, the remuneration payable shall be as per limit prescribed in Schedule XIII of the Companies Act 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and deeds as may be expedient to give effect to this resolution."

10. To re-appoint Shri Dashrathbhai P. Patel as a Wholtime Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines as applicable from time to time, approval be and is hereby accorded to the re-appointment of Shri Dashrathbhai P. Patel as a Whole Time Director of the Company, for a period of 5 (five) years with effect from January 1, 2011, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or reenactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary proper or expedient to give effect to this Resolution."

11. To re-appoint Shri Rameshbhai B. Patel as a Wholtime Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines as applicable from time to time, approval be and is hereby accorded to the re-appointment of Shri Rameshbhai B. Patel as a Whole Time Director of the Company, for a period of 5 (five) years with effect from January 1, 2011, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or reenactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary proper or expedient to give effect to this Resolution."

By Order of the Board

Ahmedabad
28th May, 2011

Varsha R. Mehta
Company Secretary

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books will remain closed from 8th August, 2011 to 18th August, 2011 (both days inclusive), for the purpose of payment of Dividend, if declared.

3. Members are requested to note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.

4. The Dividend, as recommended by the Board of Directors, if declared at the 21st Annual General Meeting, will be paid within the prescribed statutory period to those Members who hold Shares in physical form and whose name appears on the Company's Register of Members as holders of Equity Shares on 5th August, 2011.

In respect of Shares held in electronic form, to the Beneficial Owners of the Shares as at the close of business hours on 5th August, 2011, as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

5. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Ms. Varsha Mehta, Company Secretary at the Registered Office of the Company at least ten days prior to the date of the Meeting, so that the information required can be made readily available at the Meeting.

6. All documents referred to in the notice and annexures thereto along with other mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Sundays and Holidays) between 2.00 p.m. to 4.00 p.m. prior to the date of Annual General Meeting.

7. Directors retiring by rotation :

Shri Jagdishbhai S. Shah, Professional Director, aged 55 years is a bachelor of commerce and LLB. He has to his advantage 30 years of work experience. He joined the Company on 07.06.2004. Apart providing services to the Company, he is also holding the post of Asst. General Manager in Industrial Extension Bureau (iNDEXTb), the Government of Gujarat Organization since 30 years. He has wide experience of project guidance and also investment opportunities exist. He has contributed lot in industrialization of Gujarat. He does not hold any directorships in other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

Shri Vishnubhai G. Patel, Professional Director, aged 57 years is a doctor by profession holding a degree of M.B.B.S (DGO). He is having experience of 25 years as a Gynecologist in Ahmedabad. He joined the Company on 08.09.2005. He does not hold any directorships in other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

8. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business in the Notice is annexed hereto.

**EXPLANATORY STATEMENTS UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956
IN RESPECT OF SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING**

ITEM No. 6

Shri Ashishbhai R. Joshi was appointed as an Additional Director by the Board of Directors of the Company ("the Board") during the year. Pursuant to Section 260 of the Companies Act, 1956 ("the Act"), Shri Ashishbhai R. Joshi shall hold office upto the date of ensuing Annual General Meeting of the Company. Due notice and deposit under Section 257 of the Act has been received from member proposing the appointment of Shri Ashishbhai R. Joshi as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

A brief profile of Shri Ashishbhai R. Joshi is setout hereunder as required under Clause 49 of the Listing Agreement :-

Shri Ashishbhai R. Joshi aged 46 years is a Chartered Accountant having over 23 years of experience in finance and project field. He was appointed as Additional Director of the Company on 29.12.2010. Apart from professional background and experience he was invited by a NRI Group in September 1995, for making presentation to the Gujarat State Chief Minister's Delegation, visiting the United States on Geographical Information System (GIS). As a Director of M/s Saket Projects Ltd., visited USA in April 1996 and entered into an agreement with a leading consulting organization called ITT (International Trade Technology) for looking after mutual interest in several areas like projects on turnkey basis, exploring market potential in Asian Region, maintaining Government relations etc. He has also co-authored books as Planning an Industrial Unit, Financing an Industrial Unit and Small Scale Industry. At present he is working as a Sr. G.M. in ABG Cement Ltd.

The Board had expressed no hesitation in recommending his appointment.

None of the Directors except the Appointee is interested in the resolution set out in Item no. 6 of the Notice.

ITEM No. 7

The Board of Directors of the Company at its meeting held on 29/12/2010 had re-appointed Shri Shashikant P. Patel as a Whole Time Director with effect from January 1, 2011. Shri Shashikant P. Patel had not offered himself for re-appointment at the ensuing General Meeting and also resigned as a Director w.e.f. 28.05.2011. The Board at its meeting held on 28.05.2011, subject to the approval of Members, considered to give him Rs. 20,00,000/-, residential premises worth Rs. 7,05,985.25/- book value and its market value Rs. 9,75,000/- and car worth Rs. 3,23,952/- book value as a token looking to his long term association and dedication towards the Company.

None of the Directors are interested in the resolution set out in item no. 7 of the Notice.

ITEM No. 8

Shri Mukeshbhai B. Patel is the Export Manager of the company and is working with the company since January, 2003. He is Bachelor of Engineering (Mechanical) and has also done post graduate diploma in International Trade. He is handling the International Marketing of the Company since he joined the Company. His present salary is Rs. 49,500/- Gross plus other permissible perquisite. The performance of the Shri Mukeshbhai B. Patel has been reviewed by the management from time to time.

In view of his rich experience and contribution made by Shri Mukeshbhai B. Patel to the Company for the last several years, the Board considered to get approval of shareholders for increase in remuneration on yearly normal increment basis as applicable to other employees in his grade w.e.f. from 1st April, 2012 from Rs. 49,500/- Gross per month plus bonus and other perquisites (in the scale of Rs. 50,000/- to Rs. 2,50,000/-) per month.

Shri Bhagwandas K. Patel, Managing Director and Shri Dixitbhai B. Patel, Director of the Company may be considered as concerned and interested as being relatives of Shri Mukeshbhai B. Patel. None of the other Directors is interested or concerned in the resolution.

The Board of Directors recommends the special resolution for your approval.

ITEM No. 9

Shri Bhagwandas K. Patel was appointed as Managing Director with effect from 01.01.2011 for a period of five years by the Board of Directors at their meeting held on 29.12.2010 on the terms and conditions as set out in the Notice at Item No. 9. As per the Companies Act, 1956, his appointment requires to be consented to by the Members of the Company in the Annual General Meeting and is also subject to the approval of the Central Government.

Shri Bhagwandas K. Patel is the Managing Director and is responsible for all the day to day operations of the Company subject to superintendence and control of the Board of Directors. A brief profile of Shri Bhagwandas K. Patel is setout hereunder as required under Clause 49 of the Listing Agreement :-

Shri Bhagwandas K. Patel aged 55 years is the pioneer and founder of the Company. He is Inter C.A. and has wide and rich experience of 20 years in the existing business. Before starting his own company on 14th June, 1990, he had worked as administrative & finance head in

M/s Britco Surgicals for six years. Under his leadership the Company has achieved great heights. He was appointed as Managing Director of the Company for a period of 5 years with effect from 16.07.2005 which was approved by the shareholders in the 15th Annual General Meeting held on 16.08.2005.

The remuneration proposed to be paid to the Managing Director is comparable with the remuneration being paid for similar assignments in the industry.

The above may be treated as an abstract of the terms of re-appointment of Shri Bhagwandas K. Patel as Managing Director under Section 302 of the Act.

Your Directors commend the Resolution at Item No. 9 for your approval.

Shri Dixitbhai B. Patel, a Whole Time Director of the Company may be considered as concerned and interested as being relative of Shri Bhagwandas K. Patel and Shri Bhagwandas K. Patel may be considered as concerned and interested as the resolution pertains to himself. None of the other Directors is in any way concerned or interested in the resolution at Item no. 9.

ITEM No. 10 & 11

The Board of Directors of the Company at its meeting held on 29.12.2010 has, subject to the approval of Members, re-appointed Shri Dashrathbhai P. Patel and Shri Rameshbhai B. Patel as Whole Time Director, for a further period of 5 years with effect from 01.01.2011, and on re-appointment their office shall not be held to be liable to retire by rotation on the remuneration determined by the Remuneration Committee of the Board and approved by the Board.

A brief profile of Shri Dashrathbhai P. Patel is setout hereunder as required under Clause 49 of the Listing Agreement :-

Shri Dashrathbhai P. Patel aged 58 years is Bachelor of Science having rich experience in colour & chemical industry and is one of the promoter of the Company. He is technological sound person and at present is In-charge of total production, R&D of Unit II, Ankleshwar. He is also marketing head of the domestic market. He was appointed as Whole Time Director of the Company for a period of 5 years with effect from 16.07.2005 which was approved by the shareholders in the 15th Annual General Meeting held on 16.08.2005.

A brief profile of Shri Rameshbhai B. Patel is setout hereunder as required under Clause 49 of the Listing Agreement :-

Shri Rameshbhai B. Patel aged 46 years is Bachelor of Science having rich experience of above 20 years in colour & chemical industry and is one of the promoter of the Company. He is in charge of total production/R&D of Unit I at Ankleshwar. He has been instrumental and a driving force for increasing efficiency of plants, developing new product/expanding product range, selecting technology at Dynamic Products Ltd. He was appointed as Whole Time Director of the Company for a period of 5 years with effect from 16.07.2005 which was approved by the shareholders in the 15th Annual General Meeting held on 16.08.2005.

It is proposed to seek Members' approval for the re-appointment of and remuneration payable to Shri Dashrathbhai P. Patel and Shri Rameshbhai B. Patel, as Whole Time Director, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Shri Dashrathbhai P. Patel and Shri Rameshbhai B. Patel are as under :

(A) Salary :

Gross Salary Rs. 95000/- (Rupees Ninety Five Thousand only) per month each (in the scale of Rs. 95000/- to Rs. 200000/-)

Perquisites :

- Bonus, Medical Allowance, HRA, Children Education Allowance, Entertainment Expenses, Conveyance, LTC etc. as per company's rule.
- Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund where the said contributions are upto the limits which are not taxable under the income-tax Act, 1961.
- Gratuity as per company's rule. Encashment of leave at the end of the term will not also be included in the monetary value of perquisites.

Period :

From 01.01.2011 to 31.12.2015

The remuneration proposed to be paid to the Whole Time Director is comparable with the remuneration being paid for similar assignments in the industry.

(B) General :

- (i) Shri Dashrathbhai P. Patel and Shri Rameshbhai B. Patel satisfy all the conditions set out in Part-I of Schedule XIII to the Act for being eligible for the re-appointment.
- (ii) The office of Whole Time Director may be terminated by the Company or the concerned Director by giving the other 1 (one) month prior notice in writing.
- (iii) The employment of Whole Time Director may be terminated by the Company without notice or payment in lieu of notice :
 - if the Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associate company to which he is required to render services; or
 - in the event of any serious repeated or continuing breach or non-observance by the Director of any of the stipulations contained in the terms of employment with the Company; or
 - in the event the Board expresses its loss of confidence in the Director.
- (iv) Upon termination by whatever means of the Whole Time Director's employment :
 - The Director shall immediately tender his resignation from the office as Director of the Company and from such other offices held by him in the Company, in any subsidiary and associate company and other entities without claim for compensation for loss of office,
 - The Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiary or associate company.
- (v) The Whole Time Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and his functions will be under the overall authority of the Chairman & Managing Director.
- (vi) The Whole Time Director shall adhere to the Company's Code of Business Conduct and Ethics for Directors and Management personnel.

The above may be treated as an abstract of the terms of re-appointment of Shri Dashrathbhai P. Patel and Shri Rameshbhai B. Patel under Section 302 of the Act.

Except for Shri Dashrathbhai P. Patel and Shri Rameshbhai B. Patel, none of the other Directors is in any way concerned or interested in the resolution at Item no. 10 & 11.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 21st Annual Report together with the audited accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS

PARTICULARS	YEAR ENDED ON MARCH 31, 2011	YEAR ENDED ON MARCH 31, 2010
Sales And Other Income	65,38,79,909	64,10,33,195
Profit Before Depreciation & Prel. Exps W/Off	9,97,53,753	8,96,39,098
Less : Depreciation	1,49,62,241	1,44,71,805
Preliminary Expenses Written Off	0	0
Profit Before Tax	8,47,91,512	7,51,67,293
Less : Provision for Taxation		
Current Income Tax A/c	2,10,39,000	1,94,00,000
Deferred Income Tax A/c	72,13,685	72,66,063
Fringe Benefit Tax	0	0
Net Profit After Tax	5,65,38,827	4,85,01,229
Add : Balance of Profit of Previous Year	8,00,39,175	5,17,73,237
Add / (Less) : Taxation of earlier years	(5,79,508)	5,45,457
Profit Available for Appropriation	13,71,57,509	9,97,29,010
Less : Appropriations :		
Transfer to General Reserve	50,00,000	24,60,000
Proposed Dividend	1,69,92,674	1,47,26,984
Tax on Dividend	28,22,271	25,02,851
Balance Carried to Balance Sheet	11,23,42,564	8,00,39,175

DIVIDEND & RESERVES

Your Directors are pleased to recommend dividend of 15% i.e. Rs. 1.50 each on 11328449 equity shares of Rs. 10/- each, for your final approval. The total outflow on dividend will be Rs. 1,69,92,674 and tax on dividend Rs. 28,22,271. The proposed dividend is tax free in the hands of shareholders. Appx. 9% of the Net Profit Rs. 50,00,000 has been transferred to General Reserves.

COMPANY'S OPERATIONS

Information on operational and financial performance, etc. of the Company for the financial year is given in the Management Discussion and Analysis which is setout as Annexure B to the directors' Report.

DIRECTORS

Shri Ashishbhai R. Joshi joined the Board as Additional Director in 29.12.2010. Further, during the year, Shri Harishbhai K. Shah, and Shri Shashikant P. Patel, Directors, resigned to act as directors of the Company w.e.f. 08.11.2010 and 28.05.2011 respectively.

The Board wishes to place on record its appreciation for the guidance and valuable services rendered by Shri Harishbhai K. Shah and Shri Shashikant P. Patel during their tenure as members of the Board.

Shri Jagdishbhai S. Shah and Shri Vishnubhai G. Patel, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Particulars of the directors being appointed/re-appointed, as required under clause 49 of the listing agreement with the Stock Exchange, are given in Notice / Explanatory Statement convening the ensuing 21st Annual General Meeting, forming part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 it is hereby confirmed :

- that in the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed and that there are no material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 / loss of the Company for the year under review;