



10th ANNUAL REPORT 2002-2003

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VIDHI DYESTUFFS MFG. LTD.
Colours you can trust for your food

Plant at Roha-Dist Raigad (Maharashtra)





VIDHI DYESTUFFS MANUFACTURING LIMITED

TENTH ANNUAL REPORT 2002 - 2003

BOARD OF DIRECTORS

DIRECTORS	:	SHRI BIPIN M. MANEK <i>Chairman & Managing Director</i>
	:	SHRI NARESH L. MODI <i>Joint Managing Director</i>
	:	SMT. PRAVINA B. MANEK
	:	SMT. ALKA N. MODI
	:	SHRI VIJAY K. ATRE
	:	SHRI PRAFULCHANDRA A. SHAH
	:	SHRI CHETAN P. BAVISHI
AUDITORS	:	M/s. BHUTA SHAH & CO. <i>Chartered Accountants</i>
BANKERS	:	VIJAYA BANK BANK OF INDIA
REGISTERED OFFICE	:	51, ABHISHEK, 303/307, SAMUEL STREET, MUMBAI - 400 003.
ADMINISTRATIVE OFFICE	:	E/27, COMMERCE CENTRE, 78, TARDEO ROAD, MUMBAI - 400 034.
FACTORY	:	59-B, MIDC, DHATAV, ROHA, DIST. RAIGAD, MAHARASHTRA.
CORPORATE ADVISORS	:	M/s. MIHIR SHAH & ASSOCIATES <i>Chartered Accountants</i>
REGISTER & SHARE TRANSFER AGENT	:	DYNAMIC SUPERWAYS & EXPORTS LTD. RAINBOW PALACE, I.C. COLONY, CROSS ROAD NO. 5, BORIVLI (W), MUMBAI - 400 103.



POLLUTION CONTROL:

The Company has taken steps to control pollution of effluents, dust and emission from chimneys etc. Samples are periodically drawn and reports are submitted to Pollution Control Board to ensure compliance with the standard.

INSURANCE:

All the properties and insurable interest of the Company including Buildings, Plant and Machinery are adequately insured.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

- 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 judgement 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.

AUDITORS AND AUDITORS REPORT:

M/s. Bhuta Shah & Co., Chartered Accountants, as Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The notes to the accounts are referred to in the auditor's report are self - explanatory and, therefore, do not call for any further comments.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to place on record their deep sense of gratitude and appreciation to the banks, financial institutions, central and state government authority 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 of the employees for the commitment, dedication and hard work put in by them at all level in contributing to the growth of the company. Your Directors are also deeply grateful to the shareholders of the Company for their confidence shown in them.

By order of the Board
For Vidhi Dyestuffs Manufacturing Limited

Place: Mumbai

Dated: 30th June, 2003

Bipin M. Manek
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption 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	13,61,616	12,65,326
	:	TOTAL AMOUNT	51,53,830	48,76,620
	:	RATE PER UNIT	3.79	3.85
b. LDO / Furnace Oil				
	:	LITRES	9,20,171	7,48,370
	:	TOTAL AMOUNT	91,86,272	65,21,041
	:	RATE PER LITRE	9.98	8.71

B. Details of consumption per Unit of Production :

PER KILO OF DYES	:			
Electricity	:	UNITS	1.73	2.01
LDO / Furnace Oil	:	LITRES	1.17	1.19

2. FOREIGN EXCHANGE EARNINGS AND OUTGO :

			(Rs. In Lakhs)
FOB VALUE OF EXPORTS		1839.31	1551.23
EXPENDITURE IN FOREIGN EXCHANGE		135.91	34.35

On behalf of the Board of Directors

Place : Mumbai

Dated : 30th June, 2003

BIPIN M. MANEK
Chairman & Managing Director



VIDHI DYESTUFFS MANUFACTURING LIMITED**MANAGEMENT DISCUSSION & ANALYSIS****1) Industry Structure and Development**

"Vidhi" manufactures the full range of Food colours encompassing several different sectors. The Company's products being meant for industrial use, the demand for its products is derived directly from its customers and end-users, which in turn span a large and diverse industry spectrum.

Edible Food Colours

"Vidhi" manufactures edible food colours as ingredients for food stuffs, pharmaceuticals, dairy products, soft drinks and cosmetic industries. The company is among the acknowledged leaders in the challenging areas in large volumes of the colours. The company serves the needs of various industries. Overall the food colour industry is characterised by a high degree of fragmentation and the excess capacity thus created has resulted in aggressive competition which has created pressure on its gross margin both in the domestic and overseas markets. The company is exploring new avenues of applications to widen the customer base and improve capacity utilisation.

Vidhi has successfully entered the field of food colours to primarily cater to niche applications. These specialties enhance performance characteristics of a variety of products resulting in value added end-products for different market segments.

2) Opportunities

On account of stringent pollution control regulations and high cost of labour, the manufacturers of food colours in developed countries are curtailing their production activities. Thus the demand of food colours has increased substantially from the overseas market.

3) Threats, Risks and Concerns

Foreign exchange fluctuations in recent months have posed a threat to the Company's earnings. The weakening of the Dollar has resulted in lower export realizations.

Increased competition from SSI units based in Gujarat is seen as a threat but not an immediate threat due to their poor quality standard.

4) Performance

Sales for the year 2002-03 were higher by 18% buoyed largely by a significant increase in manufacturing. The plant utilization capacity has reached 100% as compared to previous years capacity utilization of 90%.

The business performance continues to be robust inspite of cut throat competition.

The improved business performance was also partly on account of the maximum efforts to reach out the prospective customers in untouched areas of the world and eco-friendly production practice.

This positive trend is likely to be maintained in the next year.

5) Outlook

The outlook for the company as a whole is satisfactory. Since its product portfolio spans a variety of markets, it may not be significantly impacted by adverse trends in any one industry.

The overall outlook promises to be bright during the current year. Nevertheless, the continuing rise in prices of key raw materials is a cause for concern particularly since the Company is unable to increase its prices in a competitive market. The focus will have to be on further improving the internal cost structure while selectively increasing prices on some products.

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 three non-executive 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	2002-03	2001-02	Change (%)
Turnover	2121.01	1793.49	+ 18.26
Other income	168.55	102.75	+ 64.04
Sub-total (1+2)	2289.56	1896.24	+ 20.74
Total Expenditure (excluding interest)	1965.44	1515.28	+ 29.71
Profit before interest and Tax.	324.14	380.94	- 14.91
Operating margin	14.16%	20.09%	- 29.52
Profit after Tax	224.65	299.77	- 25.06
Return on Capital	19.45%	30.39%	- 36.00
Employed Inventory			
Turnover-Times	0.08	0.05	+ 60
Current Ratio	5.72:1	6.66:1	- 14.11
Debt : Equity Ratio	0.31	0.40	- 22.50

(ii) Operational performance

The sales turnover for the year increased by 18.29 % to Rs. 21.21 crores as compared to Rs. 17.93 crores in the earlier year. Operating margins faced severe pressure on account of cut throat competition. The Company's continues to put efforts to reduce costs, improve yields and introduce new products. Exports during the year increased to Rs. 18.39 crores as against Rs. 15.51 crores in the earlier year, reflecting an impressive growth by 18.57%.

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 120 employees as on 31st March 2003. Relations between employees at various levels and the Management have been collaborative.

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 achieved considerable success in the prevention of accidents by adhering to strict guidelines. The Company's factory completed one full year of "No Reportable Accidents". This was made possible by strict adherence to laid down ISO 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 increased operational efficiency and reduced costs.



CORPORATE GOVERNANCE

The company envisages to review its corporate governance practices to ensure that they reflect domestic and international developments to position itself to conform to:

- Fair and transparent business practices
- Effective Management Control by Board
- Adequate representation of promoter, executive / non - executive and independent directors on the Board
- Accountability for performance
- Monitoring of executive performance by the Board
- Compliance of laws
- Transparent and timely disclosures of laws

BOARD OF DIRECTORS:

Composition of the Board and Directorship held in other Companies as on 31st March 2003

Sr. No.	Name of the Director(s)	Executive/Non-Executive/Independent	No. of other Directorship in Public Limited Companies	No. of other Board Committees as	
				Chairman	Member
Mr. Bipin M. Manek	Executive-Chairman & Managing Director		NIL	1	NIL
Mr. Naresh L. Modi	Executive - Joint Managing Director		NIL	NIL	1
Mrs. Pravina B. Manek	Non-Executive		NIL	1	2
Mrs. Alka N. Modi	Non-Executive		NIL	1	2
Mr. Vijay K. Atre	Non-Executive, Independent		NIL	1	1
Mr. Prafullchandra A. Shah	Non-Executive, Independent		NIL	NIL	1
Mr. Chetan P. Bavishi	Non-Executive, Independent		NIL	NIL	1

Attendance record of the Directors:

During the Financial year 2002-2003, Meetings of Board of Directors were held on the following days :- 21st May 2002, 29th June 2002, 31st July 2002, 31st October 2002, 6th January 2003 and 31st January 2003.

Annual General Meeting was held on 30th September, 2002.

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

Directors	Number of 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
Mrs. Alka N. Modi	6	6	Yes
Mr. Vijay K. Atre	6	6	Yes
Mr. Prafullchandra A. Shah	2	2	No
Mr. Chetan P. Bavishi	2	2	No.

The company has co-opted to appoint Mr. Prafullchandra A. Shah and Mr. Chetan P. Bavishi as Additional Directors w.e.f 6th January, 2003

Agenda for each Board Meeting were sent along with notes on agenda items about a week in advance to the Board Members. Matters discussed at these Board Meetings related 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.

Audit Committee:

The Audit Committee consists of the following Directors:

Mr. Vijay K. Atre	Chairman	Non-Executive, Independent
Mr. Prafullchandra A. Shah	Member	Non-Executive, Independent
Mr. Chetan P. Bavishi	Member	Non-Executive, Independent
Mrs. Pravina B Manek	Member	Non-Executive
Mrs. Alka N Modi	Member	Non-Executive

The Chairman of the Audit Committee has briefed the Board of Directors, about the Audit Committees observations on various issues discussed at its meetings. Minutes of the Audit Committee Meetings are also circulated to all the Board Members along with agenda of the subsequent meeting.



VIDHI DYESTUFFS MANUFACTURING LIMITED

All the suggestions / recommendations of the Audit Committee during the financial year 2002-03, have been accepted by the Board of Directors.

The attendance record of each member of the Audit Committee at the Meeting held on 31/1/2003 is as follows:

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mr. Vijay K. Atre	Non-Executive, Independent	1	1
Mr. Prafullchandra A. Shah	Non-Executive, Independent	1	1
Mr. Chetan P. Bavishi	Non-Executive, Independent	1	1
Mrs. Pravina B. Manek	Non-Executive	1	1
Mrs. Alka N. Modi	Non-Executive	1	1

Shareholders/Investors Grievances

The Shareholders/Investors Grievance Committee consists the following Directors;

Mrs. Pravina B. Manek	-	Chairman
Mrs. Alka N. Modi	-	Member
Mr. Vijay K. Atre	-	Member

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 practising 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 practising 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.

The meeting of Investors Grievance Committee was held on 31st January, 2003.

The details of Complaints received and redressed during the financial year 2002 – 2003 are as under;

Sr.No	Particulars	Correspondences	
		Received	Redressed / attended
	Complaints		
1	Non-Receipt of Share Certificates	1	1
2	Non-Receipt of Dividend Warrants	4	4
3	SEBI/Stock Exchanges / Forums/Legal	-	-
4	Misce. Complaints	2	2
	Requests from Shareholders		
5	Change of Address	9	9
6	POA/Mandate/Bank Details	3	3
7	Exchange/ Redemption	-	-
8	Deletion/Transmission	-	-
9	Ind Bond / Affi. For Duplicates	1	1
10	Div/RO for revalidation	2	2
11	Filing / Acknowledgement / Misce.	-	-
	Total	22	22

All Share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. Dynamic Superways & Exports Limited. Rainbow Palace. I. C. Colony Cross Road No. 5, Borivili (W), Mumbai - 400 103.

Secretarial Officer, Mr. Mahesh Jani, has been appointed as the Compliance Officer, as required by the Listing Agreements entered into by the company with Bombay Stock Exchange. 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 or through SEBI and Stock exchanges. All complaints / grievances intimated during the year, have been resolved within a maximum period of 30 days of their intimations.

There are no pending legal matters, in which the Company has been made a party, before any other Court(s)/ Consumer Forum(s)/ Consumer Forum(s) etc., on Investors grievances.



10TH ANNUAL REPORT 2002 - 2003**Remuneration Committee**

The Company has not advanced any loans to any of the Directors.

The Remuneration paid to the Directors of the Company during the financial year 2002-2003 is as under:

Directors Remuneration paid/payable during 2002-2003 (Rs.)

	Salary & Perks	Commission	Total
Mr. Bipin M. Manek	15,00,000	75,000	15,75,000
Mr. Naresh L. Modi	15,00,000	75,000	15,75,000
Mrs. Pravina B. Manek	Nil	Nil	Nil
Mrs. Alka N. Modi	Nil	Nil	Nil
Mr. Vijay K. Atre (Technical fees)	2,00,000	Nil	2,00,000
Total	32,00,000	1,50,000	33,50,000

Remuneration paid as per provision of Section 217(2A) of the Companies Act, 1956 excluding the leave encashment and contribution to gratuity and super-annuation, to be paid on the retirement from the service of the Company.

Disclosures:**Related Party Transactions:**

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.

Miscellaneous:

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.

Means of Communication:

Half yearly/Quarterly Results have not been sent to shareholders; instead shareholders are intimated these through press, and effective from the quarter ended 31st December, 2002, the Company is also posting the Quarterly Results and Shareholding Pattern at quarter end on the SEBI's website viz., www.sebidifar.nic.in.

The quarterly, half-yearly and annual Results of the Company's financial performance are published in the newspaper viz. Business Standard & Daily Sagar (Regional language - Marathi). These, before release to the press are informed to the Mumbai Stock Exchange and Ahmedabad Stock Exchange. These information are also posted on SEBI's website viz. www.sebidifar.nic.in, effective from 31st December, 2002.

Management discussion and analysis forms part of the Annual Report and appears as Annexure to the Directors' Report.

Compliance:

Auditors' Certificate on Corporate Governance, as required by Clause 49 of the Listing Agreement is incorporated in this Annual Report.

SHAREHOLDERS INFORMATION**Annual General Meeting:**

Date and Time: 30th September, 2003 at 5 p.m.

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

Last 3 Annual General Meeting:

Date and Time	30 th September, 2002 at 5.00 p.m.	29 th September, 2001 at 5.00 p.m.	30 th September, 2000 at 5.00 p.m.
Venue	E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.	E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.	E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034.

Date of Book Closure : Tuesday the 23rd day of September, 2003 to Tuesday the 30th day of September, 2003 (inclusive of both days).

Dividend Payment: Dividend Proposed : 10% (Re. 1/- per equity share)

Listing on Stock Exchange(s):

The Equity Shares of the Company are listed on the Stock Exchange – Mumbai and Ahmedabad Stock Exchange.

The Company has paid upto date listing fees to both Stock Exchanges.

Stock Market Data:

Month/Year	Volume Nos.	Mumbai Stock Exchange (MSE) High (Rs.)	Low (Rs.)	Month/Year	Volume Nos.	Mumbai Stock Exchange (MSE) High (Rs.)	Low (Rs.)
April 2002	133281	22.3	13.3	October 2002	32079	19.5	16.00
May 2002	90859	21.9	14.8	November 2002	88526	22.2	14.55
June 2002	223111	24.05	13.35	December 2002	37636	19.95	16.5
July 2002	290711	25.2	15.00	January 2003	58710	19.5	14.25
August 2002	53842	20.95	14.25	February 2003	35134	18.75	12.5
September 2002	50052	22.7	14.5	March 2003	40286	18.2	14.8

