



Vidhi Dyestuffs Manufacturing Limited

**13TH Annual
Report
2005 - 2006**





VIDHI DYESTUFFS MANUFACTURING LIMITED THIRTEENTH ANNUAL REPORT 2005 - 2006

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
	:	SHRI MITESH D. MANEK
	:	SHRI NIREN D. DESAI
	:	SHRI MIHIR B. MANEK (W.E.F. 01/08/2006)
AUDITORS	:	M/s. BHUTA SHAH & CO. <i>Chartered Accountants</i>
BANKERS	:	VIJAYA BANK BANK OF INDIA
REGISTERED OFFICE	:	E/27, COMMERCE CENTRE, 78, TARDEO ROAD, MUMBAI - 400 034.
FACTORY	:	59-B, MIDC, DHATAV, ROHA, DIST. RAIGAD, MAHARASHTRA.
REGISTRAR & SHARE TRANSFER AGENT	:	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 Thirteenth Annual General Meeting of the Shareholders of VIDHI DYESTUFFS MANUFACTURING LIMITED will be held on Saturday, the 30th September 2006 at 5.00 p.m. at E/27, Commerce Centre, Tardeo Road, Mumbai - 400034 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at the 31st March 2006 and the Profit & Loss Account of the Company for the year ended on that date, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Alka N. Modi, who retires by rotation and however being eligible, does not offer herself for re-appointment. The vacancy so created be not filled up.
3. To appoint a Director in place of Mr. Vijay K. Atre who retires by rotation and being eligible, offers himself for reappointment.
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, the following resolution as Ordinary Resolution.

"RESOLVED THAT Mr. Mihir B. Manek who was appointed as an Additional Director and Executive Director by the Board of Directors of the Company with effect from 1st August 2006, under Section 260 of the Companies Act, 1956 (the Act) and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as the Director of the Company.

RESOLVED FURTHER THAT subject to the provisions of Section 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the appointment and remuneration payable to Mr. Mihir B. Manek as a Whole-Time Director of the Company designated as Executive Director of the Company w.e.f. 1st August 2006 for a period of five years on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. Mihir B. Manek, a draft of which is placed before the meeting duly initialed by the Chairman for the purpose of identification."

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

"RESOLVED THAT subject to the provisions of Section 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the appointment and remuneration payable to Mr. Mitesh D. Manek as a Whole-Time Director of the Company designated as Executive Director of the Company w.e.f. 01/08/2006, for a period of five years on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. Mitesh D. Manek, a draft of which is placed before the meeting duly initialed by the Chairman for the purpose of identification."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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 explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday the 23rd September 2006 to Saturday, the 30th September 2006 (both days inclusive).
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
 - (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 31st March 2006, 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 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.



VIDHI DYESTUFFS MANUFACTURING LIMITED

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March 2001, 2002, 2003 2004 and 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. 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**

Place : Mumbai
Date : 31st July 2006

Bipin M. Manek
Chairman & Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5.

Mr. Mihir B. Manek was appointed by the Board at its meeting held on 31st July 2006 as Additional and Executive Director of the Company with effect from 1st August 2006 under Section 260 of the Companies Act, 1956, he holds the office as Director only up to the date of the ensuing Annual General Meeting.

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.

As required by the provisions under Section 257 of the Companies Act, 1956, notice has been received from a member proposing Mr. Mihir B. Manek for appointment as Director and Executive Director along with a deposit of Rs.500/- (Rupees Five Hundred Only). The Board considers it desirable that the Company should continue to avail the services of Mr. Mihir B. Manek.

The Board of Directors proposed to appoint him as the Director and Whole-Time Director designated as the Executive Director of the Company on the following terms and conditions:

i) Salary :

The Consolidated Salary shall be in the range of Rs.20,000/- per month to Rs.1,25,000/- per month payable monthly. The annual increments will be decided by the Compensation Committee/Board of Directors depending upon the performance and profitability of the Company and other relevant factors.

ii) Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration as provided above shall be paid as minimum remuneration, unless otherwise determined by the Board of

Directors.

In addition to the above, the Executive Director shall also be entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified in para (ii) hereinabove;

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961,
- (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.

iii) Other Terms and conditions :

1. The Executive director shall not be entitled to sitting fees for attending meeting of the Board of Directors or committees thereof.
2. If the Executive Director's employment ceases during the currency of any financial year, he or his executors or administrators shall be entitled to ratable portion of what he would have received if he had lived and been employed for the whole of that year.
3. The Executive Director shall be entitled to reimbursement of all expenses including traveling, entertainment and other out-of-pocket expenses incurred in connection with the business of the Company.

The above statement may be regarded as an abstract of the terms of contract and memorandum of interest under section 302.

The agreement referred to in the resolution at Item No. 5 of the accompanying Notice will be available for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except Saturdays and holidays

None of the Directors of the Company, except Mr. Bipin M. Manek, Smt. Pravina B. Manek, Mr. Mitesh D. Manek and Mr. Mihir B. Manek, himself, are in any way, concerned or interested in passing of the resolution.

Item no. 6.

Mr. Mitesh D. Manek was appointed by the Board at its meeting held on 31st July 2006 as the Executive Director of the Company with effect from 1st August 2006 under Section 260 of the Companies Act, 1956.

Mr. Mitesh D. Manek is a M.Com Post Graduate. He has 10 years of rich experience in the field of Imports & Exports. He is currently handling the Export & Finance Department's of the company. With over 95% of the company's products are being exported worldwide, the responsibility of ensuring complete consumer satisfaction is in his hands.

The Board of Directors proposed to appoint him as the Whole-Time Director designated as the Executive Director of the Company on the following terms and conditions:



i) Salary :

The consolidated salary shall be in the range of Rs.20,000/- per month to Rs.1,25,000/- per month, payable monthly. The annual increments will be decided by the Compensation Committee/ Board of Directors depending upon the performance and profitability of the Company and other relevant factors.

ii) Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration as provided above shall be paid as minimum remuneration, unless otherwise determined by the Board of Directors.

In addition to the above, the Executive Director shall also be entitled to the following perquisites which shall not be included in the computation of ceiling on remuneration specified in para (ii) hereinabove;

- (d) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961,
- (e) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- (f) Encashment of leave at the end of the tenure.

iii) Other Terms and conditions :

1. Executive director shall not be entitled to sitting fees for attending meeting of the Board of Directors or committees thereof.
2. If the Executive Director's employment ceases during the currency of any financial year, he or his executors or administrators shall be entitled to ratable portion of what he would have received if he had lived and been employed for the whole of that year.
3. The Executive Director shall be entitled to reimbursement of all expenses including traveling, entertainment and other out-of-pocket expenses incurred in connection with the business of the Company.

The above statement may be regarded as an abstract of the terms of contract and memorandum of interest under section 302.

The agreement referred to in the resolution at Item No. 6 of the accompanying Notice will be available for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except Saturdays and holidays

None of the Directors of the Company, except Mr. Bipin M. Manek, Smt. Pravina B. Manek, Mr. Mihir B. Manek and Mr. Mitesh D. Manek, himself, are in any way, concerned or interested in passing of the resolution.

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

Place : Mumbai
Date : 31st July 2006

Bipin M. Manek
Chairman & Managing Director

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VIDHI DYESTUFFS MANUFACTURING LIMITED**DIRECTORS' REPORT**

To,

The Members,

VIDHI DYESTUFFS MANUFACTURING LIMITED

Your Directors have pleasure in presenting 13th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2006.

1. FINANCIAL RESULTS :

	Current Year Rupees lakhs	Previous Year Rupees lakhs
Profit for the year before providing for Depreciation	226.05	362.83
Less: Depreciation	85.66	76.52
Profit after Depreciation	140.39	286.31
Less: Provision for Taxation		
Current Year	38.44	87.00
Deferred Tax	(11.93)	(12.00)
Profit after Tax	113.88	211.31
Add: Profit brought forward from previous year	840.55	735.08
	954.43	946.39
APPROPRIATIONS :		
Interim Dividends	-	74.92
Corporate Dividend Tax	-	9.79
Transfer to General Reserve	11.39	21.13
Balance Profit Carried to Balance Sheet	943.04	840.55

2. SUB-DIVISION OF SHARES:

The Equity shares of the Company has been sub-divided from face value of Rs. 10/- per share to Rs. 1/- per share, as approved in Extra Ordinary General Meeting of the Members of the Company held on 22nd October, 2005.

3. DIVIDEND:

In order to conserve resources, your directors do not recommend any dividend for the year 2005-2006.

4. OPERATIONS:

During the year under review, your Company manufactured 766.56 M. tons of Food colours against 799.388 M.tons in the earlier year. The Company achieved a turnover of Rs. 24.25 Crores as compared to Rs.26.25 Crores of earlier year. The apparent reduction in turnover is on account of trading exports which were at Rs. 2.15 crores in the year under review as compared to Rs.3.88 crores in the earlier year.

During the year under review, your Company has earned a net profit of Rs. 1.40 crores as compared to Rs. 2.86 crores in the earlier year. This decrease in bottom line is due to cut throat competition, which has kept the selling price under continuous pressure. Secondly, the ever-rising price of fuel has escalated the cost of manufacturing considerably. Similarly, ever-rising price of some of the key raw materials like Naphthalene have severely affected the prices of all its derivatives. Adding fuel to fire, the continuous rise in the price of plastic has also increase the packing cost. Together all of this has put pressure on the profit margin of the company.

Your Directors are striving for better and bright future of the Company.

5. DIRECTORS:

In accordance with the requirements of the companies Act 1956 and Articles of Association of the Company: -

Mrs. Alka N. Modi is liable to retire by rotation. However, she has conveyed her decision not to seek re-appointment.

Shri Vijay K. Atre retires at the ensuing Annual General Meeting. Being eligible, offer himself, for reappointment as Director. Your Directors recommend his reappointment.

6. AUDITORS

M/S. Bhuta Shah & Co, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. However, being eligible, offer themselves for reappointment as the Statutory Auditors of the Company at remuneration to be decided by the Board of Directors.

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



7. AUDITORS' REPORT:

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

8. CORPORATE GOVERNANCE:

As per the Listing Agreements with the Stock Exchanges, the Company has successfully implemented and complied with all the requirements of the Code of Corporate Governance and a separate Report is attached to this Report. (Annexure II).

The Corporate Governance Compliance Certificate obtained from the Auditors of the Company is also attached to this Report.

The Management Discussion and Analysis Report, as mandated under the Code of Corporate Governance, is given in the Annexure attached to the Directors' Report. (Annexure III)

9. FIXED DEPOSIT:

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

10. PARTICULARS OF THE EMPLOYEES:

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

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION 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.

12. POLLUTION CONTROL:

The industry has been consented by MPCB subject to certain conditions. Factory has provided full-fledge facilities to control pollution under Water Act and Air Act. Same are being operated to achieve the pollution limits prescribed by MPCB. The verification of Company is done from MPCB end.

Your Company is also member of CETP- Roha.

13. INSURANCE:

All the properties and insurable interest of the Company including Buildings, Plant and Machinery, Raw Materials, in process materials, finished goods and packing materials etc. are adequately insured.

14. 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 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.

15. 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 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 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.

For and on behalf of the Board

Bipin M. Manek

(Chairman & Managing Director)

Place : Mumbai
Dated : 31st July 2006



VIDHI DYESTUFFS MANUFACTURING LIMITED**ANNEXTURE I 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	13,17,804	13,33,712
	: TOTAL AMOUNT	47,69,590	46,59,830
	: RATE PER UNIT	3.62	3.49
b. Furnace Oil	: LITRES	6,96,155	8,90,246
	: TOTAL AMOUNT	1,11,35,755	98,00,709
	: RATE PER LITRE	16.00	11.01

B. Details of consumption per unit of production**PER KILO OF DYES**

Electricity	: UNITS	1.66	1.66
Furnace Oil	: LITRES	0.91	1.07

2) TECHNICAL ABSORPTION :

1. Indigenous/Locally available raw materials are utilized to gain maximum advantage.
2. No technology has been imported by the Company.
3. Efforts are being made to further improve quality of the products.

3) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to export initiatives taken to increase exports development of new export markets for products and services, export plans:

The Company has sustained a high level of export, which during the year amounted to Rs. 22.96 Crores. The Company's plans are multi dimensional and management is taking various initiatives to increase exports of the Company.

(Rs. In Lakhs)

b) FOB VALUE OF EXPORTS	2216.42	2361.67
EXPENDITURE IN FOREIGN EXCHANGE	423.59	283.69

For and on behalf of the Board

Place : Mumbai
Dated : 31st July 2006

Bipin M. Manek
(Chairman & Managing Director)



ANNEXURE II TO THE DIRECTORS REPORT CORPORATE GOVERNANCE

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.

1. COMPANY PHILOSOPHY :-

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements such as forms of listing agreement with stock Exchange but also several voluntary practices at superior level of business, ethics effective supervision and enhancement of shareholder value.

2. BOARD OF DIRECTORS :-

Compositions of the Board and Directorship held in Other Companies as on 31st March, 2006.

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
1	Mr. Bipin M. Manek	Executive-Chairman & Managing Director	NIL	1	NIL
2	Mr. Naresh L. Modi	Executive - Joint Managing Director	NIL	NIL	NIL
3	Mrs. Pravina B. Manek	Non-Executive	NIL	1	2
4	Mrs. Alka N. Modi	Non-Executive	NIL	NIL	1
5	Mr. Vijay K. Atre	Non-Executive, Independent	NIL	1	1
6	Mr. Prafullchandra A. Shah	Non-Executive, Independent	NIL	NIL	2
7	Mr. Chetan P. Bavishi	Non-Executive, Independent	NIL	NIL	2
8.	Mr. Mitesh D. Manek	Non-Executive	NIL	NIL	1
9.	Mr. Niren D. Desai	Non-Executive, Independent	NIL	1	1
10.	Mr. Mihir B. Manek	Additional Director (w.e.f. 31/07/2006)	NIL	NIL	NIL

Attendance record of the Directors :

During the Financial Year 2005-2006, Meetings of Board of Directors were held on the following days: -10th May 2005, 30th June 2005, 1st August 2005, 15th September 2005, 29th October 2005, 19th December 2005, 31st January 2006

Annual General Meeting was held on 15th September 2005.

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	7	7	Yes
Mr. Naresh L. Modi	7	7	Yes
Mrs. Pravina B. Manek	7	7	Yes
Mrs. Alka N. Modi	7	7	Yes
Mr. Vijay K. Atre	7	7	Yes
Mr. Prafullchandra A. Shah	7	6	Yes
Mr. Chetan P. Bavishi	7	5	Yes
Mr. Mitesh D. Manek	7	7	Yes
Mr. Niren D. Desai	7	4	Yes

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.

