



Manufacturers Of Food Colours

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Vidhi Dyestuffs Manufacturing Limited

**14TH Annual
Report
2006 - 2007**





VIDHI DYESTUFFS MANUFACTURING LIMITED

FOURTEENTH ANNUAL REPORT 2006 - 2007

BOARD OF DIRECTORS

DIRECTORS

- : SHRI BIPIN M. MANEK
Chairman & Managing Director
- : SHRI NARESH L. MODI
Joint Managing Director
- : SMT. PRAVINA B. MANEK
- : SHRI VIJAY K. ATRE
- : SHRI PRAFULCHANDRA A. SHAH
- : SHRI CHETAN P. BAVISHI
- : SHRI MITESH D. MANEK
- : SHRI NIREN D. DESAI
- : SHRI MIHIR B. MANEK

AUDITORS

- : M/s. BHUTA SHAH & CO.
Chartered Accountants

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 Fourteenth Annual General Meeting of the Shareholders of VIDHI DYESTUFFS MANUFACTURING LIMITED will be held on Saturday, the 29th September 2007 at 5.00 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 31st March 2007 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 reappoint Mrs. Pravina B. Manek as Director, who retires by rotation and being eligible, offers herself for reappointment.
3. To reappoint Mr. Chetan P. Bavishi as Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To reappoint Mr. Prafulchandra A. Shah as Director, who retires by rotation and being eligible, offers himself for reappointment.
5. 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.

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 Saturday the 22nd September 2007 to Saturday, the 29th September 2007 (both days inclusive).
3. 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 2007, 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.
4. Members/Proxies should bring attendance slips sent herewith duly filled in, for attending the Meeting.
5. 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.
6. 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.
7. 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 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.
8. 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.
9. 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: - 30th June 2007



VIDHI DYESTUFFS MANUFACTURING LIMITED**DIRECTORS' REPORT**

To,

The Members,

VIDHI DYESTUFFS MANUFACTURING LIMITED

Your Directors have pleasure in presenting 14th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2007.

FINANCIAL RESULTS :

	Current Year Rupees lakhs	Previous Year Rupees lakhs
Profit for the year before providing for Depreciation	252.29	226.05
Less: Depreciation	87.39	85.66
Profit after Depreciation	164.90	140.39
Less: Provision for Taxation		
Current Year	69.57	38.44
Deferred Tax	(6.61)	(11.93)
Profit after Tax	101.94	113.88
Add: Profit brought forward from previous year	943.05	840.55
	1,044.99	954.43
APPROPRIATIONS :		
Interim Dividends	-	-
Corporate Dividend Tax	-	-
Transfer to General Reserve	-	11.38
Balance Profit Carried to Balance Sheet	1,044.99	943.05

DIVIDEND:

In order to conserve resources, your Directors do not recommend any dividend for the year 2006-2007.

OPERATIONS:

During the year under review your Company has achieved a turnover of Rs. 30.36 Crores as compared to Rs.24.25 Crores of earlier year. During the year under review your Company has earned a net profit before tax of Rs. 1.65 crores as compared to Rs. 1.40 crores in the earlier year.

The Company has manufactured 963.48 M. tons of Food colours against 766.56 M. tons in the earlier year.

During the year under review, your Company continues its growth in the export market on account of persistent marketing efforts and with well-patronized customers all over the world. In spite of cut-throat competition, increase in prices of certain raw- materials and fluctuation in foreign currency (weakening of Dollar), has put severe pressure on the profit margins of the company, still your company has been able to earn good profit.

Needless to add that your Directors are striving for bright future of the company.

DIRECTORS: -

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

Smt Pravina B. Manek retires at the ensuing Annual General Meeting. Being eligible, offers herself, for reappointment as Director. Your Directors recommend her reappointment

Shri Chetan P. Bavishi retires at the ensuing Annual General Meeting. Being eligible, offers himself, for reappointment as Director. Your Directors recommend his reappointment.

Shri. Prafulchandra A. Shah retires at the ensuing Annual General Meeting. Being eligible, offer himself, for reappointment as Director. Your Directors recommend his reappointment.

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



AUDITORS REPORT:

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

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).

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 u/s.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended apply.

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.

POLLUTION CONTROL:

The industry has been consented by M.P.C.B. subject to certain conditions. Factory has provided full-fledge facilities to control pollution under Water Act and Air Act. Same all being are operated to achieve the limits prescribed by M.P.C.B. The verification of Company is done by M.P.C.B. Your Company is also member of C.E.T.P. - Roha.

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.

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 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: 30th June 2007



VIDHI DYESTUFFS MANUFACTURING LIMITED**ANNEXTURE 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	14,15,332	13,17,804
	: TOTAL AMOUNT	63,67,550	47,69,590
	: RATE PER UNIT	4.50	3.62
b. Furnace Oil	: LITRES	9,44,451	6,96,155
	: TOTAL AMOUNT	1,69,76,802	1,11,35,755
	: RATE PER LITRE	17.98	16.00

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

Electricity	: UNITS	1.47	1.66
Furnace Oil	: LITRES	0.98	0.91

2) TECHNICAL ABSORPTION :

1. Indigenously / Locally available raw materials are utilized to gain maximum advantages.
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 increased exports development of new export markets for products and services, export plan:

The company has achieved a level of exports, which during the year amounted to Rs. 29.17 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	2831.91	2216.42
EXPENDITURE IN FOREIGN EXCHANGE	778.43	423.59

For and on behalf of the Board

Place : Mumbai
Dated : 30th June 2007

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:

Composition of the Board and Directorship held in other Companies as on 31st March 2007.

Sr. No.	Name of the Director(s)	Executive/Non-Executive/Independent	No. of other Directorship in Public / Pvt. Limited Companies	No. of other Board Committees as	
				Chairman	Member
1	Mr. Bipin M. Manek	Executive-Chairman & Managing Director	1	NIL	NIL
2	Mr. Naresh L. Modi	Executive - Joint Managing Director	1	NIL	NIL
3	Mrs. Pravina B. Manek	Non-Executive	NIL	1	2
4	Mr. Vijay K. Atre	Non-Executive, Independent	NIL	2	1
5	Mr. Prafullchandra A. Shah	Non-Executive, Independent	NIL	NIL	1
6	Mr. Chetan P. Bavishi	Non-Executive, Independent	NIL	NIL	1
7	Mr. Mitesh D. Manek	Executive,	NIL	NIL	1
8	Mr. Niren D. Desai	Non-Executive, Independent	NIL	NIL	2
9	Mr. Mihir B. Manek	Executive, (w.e.f. 31/07/2006)	NIL	NIL	NIL

Attendance Record of the Directors:

During the Financial Year 2006-2007, Meetings of Board of Directors were held on the following days: -28th April 2006, 30th June 2006, 31st July 2006, 31st October 2006, 22nd December 2006, 31st January 2007

Annual General Meeting was held on 30th September 2006.

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

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	5	Yes
Mrs. Pravina B. Manek	6	6	Yes
Mrs. Alka N. Modi *	2	2	No
Mr. Vijay K. Atre	6	6	Yes
Mr. Prafullchandra A. Shah	6	5	Yes
Mr. Chetan P. Bavishi	6	4	Yes
Mr. Mitesh D. Manek	6	6	Yes
Mr. Niren D. Desai	6	6	Yes
Mr. Mihir B. Manek **	4	4	Yes

* Mrs. Alka N. Modi resigned as Director of the Company on 31/07/06.

** Mr. Mihir B. Manek appointed as Additional Director from 31/07/06.

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.



VIDHI DYESTUFFS MANUFACTURING LIMITED

3) AUDIT COMMITTEE:

(a) Composition:

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

*w.e.f. 31.10.2006.

The Chairman of the Audit Committee had briefed the Board of Directors, about the Audit Committee's 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.

All the suggestions / recommendations of the Audit Committee during the financial year 2006-07, have been accepted by the Board of Directors.

(b) Role & Function:

- 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 (2A) 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) Meetings & Attendance:

The attendance record of each member of the Audit Committee at the Meeting held on 30th June 2006, 31st July 2006, 31st October 2006 & 31st January 2007 is as follows.

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mr. Vijay K. Atre	Non-Executive, Independent	4	4
Mr. Prafullchandra A. Shah	Non-Executive, Independent	4	3
Mr. Niren D. Desai *	Non-Executive, Independent	2	2
Mrs. Pravina B. Manek	Non-Executive	4	4
Mrs. Mitesh D. Manek	Executive	4	4

*w.e.f. 31.10.2006.

4) REMUNERATION COMMITTEE

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.



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b) Composition:

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

* w.e.f. 31.10.2006.

c) 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.

d) No. Of Meetings and Attendance:

The Meeting of Remuneration Committee was held on 30th June 2006, 31st October 2006, 31st January 2007.

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mrs. Pravina B. Manek	Non-Executive	3	3
Mr. Vijay K. Atre	Non-Executive Independent	3	3
Mr. Niren D. Desai *	Non-Executive Independent	2	2

* w.e.f. 31.10.2006.

e) The details of the remuneration paid:

Directors	Remuneration paid/payable during 2006-2007 (Rs.)		
	Salary	Commission	Total
Mr. Bipin M. Manek	15,00,000.00	—	15,00,000.00
Mr. Naresh L. Modi	15,00,000.00	—	15,00,000.00
Mr. Vijay K. Atre	1,80,000.00	—	1,80,000.00
Mr. Mitesh D. Manek	2,34,000.00	—	2,34,000.00
Mr. Mihir B. Manek	2,34,000.00	—	2,34,000.00
Total	36,48,000.00	—	36,48,000.00

• The Company pays sitting fees @ Rs.1000/- per Board Meeting to non-executive Directors for attending Meetings of the Board.

5) SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE**(a) Composition:**

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

* w.e.f. 31.10.2006.

(b) 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.

(c) Meetings & Attendance:

The Meeting of Investors Grievance Committee was held on 28th April 2006, 31st July 2006, 31st October 2006 & 31st January 2007.

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	2	2

* w.e.f. 31.10.2006.

