

24th

ANNUAL REPORT 2016-2017



COLOURS

You Can Trust For
Your Food



24th Annual Report - 2016 - 17

BOARD OF DIRECTORS

Mr. Bipin M. Manek (DIN: 00416441)
Chairman & Managing Director

Mr. Mihir B. Manek (DIN: 00650613)
Joint Managing Director

Mrs. Pravina B. Manek (DIN: 00416533)
Non-Executive Director

Mr. Vijay K. Atre (DIN: 00416853)
Non-Executive Director

Mr. Prafulchandra A. Shah (DIN: 00417022)
Independent Director

Mr. Chetan P. Bavishi (DIN: 01978410)
Independent Director

Mr. Nirenbbhai D. Desai (DIN: 01978382)
Independent Director

Mr. Rahul C. Berde (DIN: 06981981)
Independent Director

Mr. Anil Kumar Dhar (DIN: 01524239)
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Mitesh D. Manek

COMPANY SECRETARY

Ms. Kalika V. Dabholkar
Compliance Officer

STATUTORY AUDITORS

M/s. Bhuta Shah & Company, LLP
Chartered Accountants

SECRETARIAL AUDITORS

M/s. Hemanshu Kapadia & Associates
Practicing Company Secretary

INTERNAL AUDITORS

M/s. A. R. Ruwala & Co.
Chartered Accountants

BANKERS

HDFC Bank
Vijaya Bank
HSBC Bank

REGISTRAR & SHARE TRANSFER AGENTS (R & TA):

Sharex Dynamic (India) Private Limited
Unit -1, Luthra Industrial Premises, 1st floor, 44-E,
M. Vasanti Marg, Andheri Kurla Road, Safed Pool,
Andheri (East) Mumbai – 400072.
Tel: 022-2851 5606 / 5644
Fax : 022-28512885
E-mail: sharexindia@vsnl.com

REGISTERED OFFICE:

Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
CIN: L24110MH1994PLC076156
E/27, Commerce Centre,
78, Tardeo Road, Mumbai – 400034
Tel: + 91 22 6140 6666
Fax: + 91 22 2352 1980
E-mail: info@vidhifoods.com
Website: www.vidhifoodcolour.com

CORPORATE OFFICE:

Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
E/28 & 29, Commerce Centre,
78, Tardeo Road, Mumbai – 400034
Tel: + 91 22 6140 6615

LOCATIONS OF PLANTS:

Factory I:
Plot No. 59/B, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra – 402 116

Factory II:
Plot No. 68, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra – 402 116

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About Us:

Established in 1994, Vidhi Specialty Food Ingredients Limited (Formerly known as 'Vidhi Dyestuffs Manufacturing Limited') ['Vidhi'] is a leading manufacturer of Superior Synthetic and Natural Food Grade Colours; providing customers with world class color solutions in applications of Foods & Beverages, Confectionaries, Pharmaceuticals, Feeds, Cosmetics, Inkjet Inks and Salt Free Colors. Our colors are being distributed and consumed in over 80 countries across 6 continents.

At Vidhi, we have a transcendental combination of highly experienced and young and dynamic force of qualified chemists dedicated towards partnering the efforts of our discerning customers in developing superior colour solutions for their products. A fully equipped & functional laboratory accredited by The Bureau of Indian Standards forms the core of Quality Control Department. Our technical team works closely with the end user, right from the stage of envisioning the product to commercial production and after sales support. Stringent procedures and fail-safe methods of testing are adopted, right from the stage of sampling of all raw materials, in process checks at various stages of the reactions and thorough testing of all finished products is carried out by our team of highly qualified and trained chemists. We share up to date information and news developments, regarding regulatory procedures and new standards being implemented across all global markets thereby securing the interests of our valued customers.

Our manufacturing facilities are spread over an area of 1,76,000 square feet, located in Dhatav Village of Raigad District in the state of Maharashtra - India. Today Vidhi is an ISO 9001:2000, ISO 22000:2005 and HACCP certified company. Our Manufacturing facilities have been audited and found satisfactory by the U.S. FDA. All our products carry HALAL and Kosher certification. Vidhi is steadfastly working towards adoptions of standards like CEDEX and GFSI compliance.

Product Portfolio:

Synthetic Water Soluble Colours: (European Commission & JECFA Approved)

Available in microfine powder, fine plating grade powder & in granular forms.

Aluminum Lakes: (European Commission & JECFA Approved)

Food grade insoluble pigments available in microfine powder form.

FD&C Colours: (U. S. FDA Approved)

Available in microfine powder, fine plating grade powder as well as granular forms.

FD&C Lakes: (U. S. FDA Approved)

Food grade insoluble pigments available in microfine powder form.

D&C Colours: (U. S. FDA Approved)

Available in microfine powder for drug & cosmetic applications.

Blends: (European Commission, JECFA & U. S. FDA Approved)

Useful for acquiring any desired shade.

Co-Blended Lakes & Co-Blended Granules: (European Commission, JECFA & U. S. FDA Approved)

To achieve custom blended shades.

Natural Colours: (European Commission, JECFA & U. S. FDA Approved)

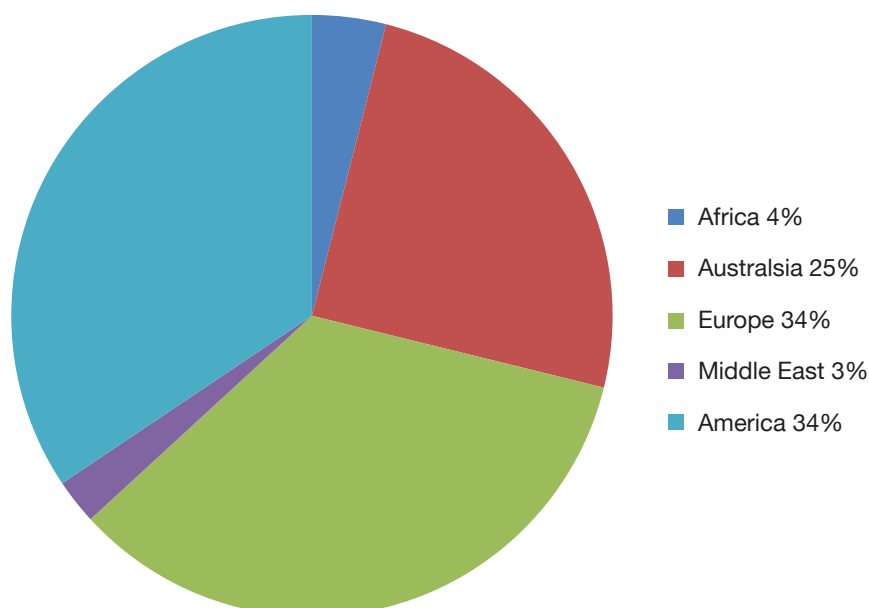
Natural colour formulations tailor made to suit any product applications.

Financial Highlights & Performance

Key Figures

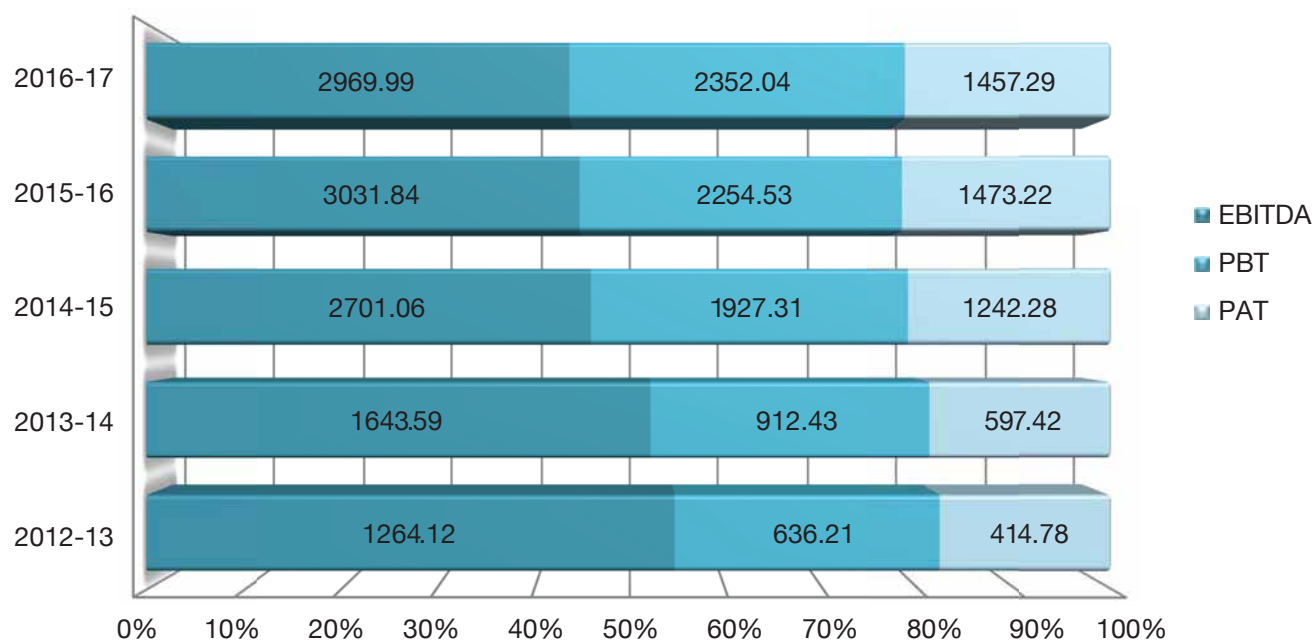
					(₹ in Lakhs)
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Results of Operations					
Total Revenue	12,032.05	14,314.52	18,957.41	18,593.49	19,341.49
Earnings before interest, Taxes, Depreciation & Amortisation (EBITDA) & Exceptional Items	1,264.12	1,643.59	2,701.06	3,031.24	2,969.99
Profit/(loss) before Tax	636.21	912.43	1,927.31	2,254.53	2,352.04
Net Profit/ (Loss)	414.78	597.42	1,242.28	1,473.22	1,457.29
Financial Position					
Equity Share Capital	500.20	500.20	500.20	500.20	500.20
Reserves and Surplus	2,728.29	3,091.66	4,021.82	5,011.34	5,985.47
Net Worth	3,228.49	3,591.86	4,522.02	5,511.54	6,485.67
Stock Information					
Earnings per Share (in ₹)	0.83	1.19	2.49	2.95	2.91

Continent Wise Break Up In Sales



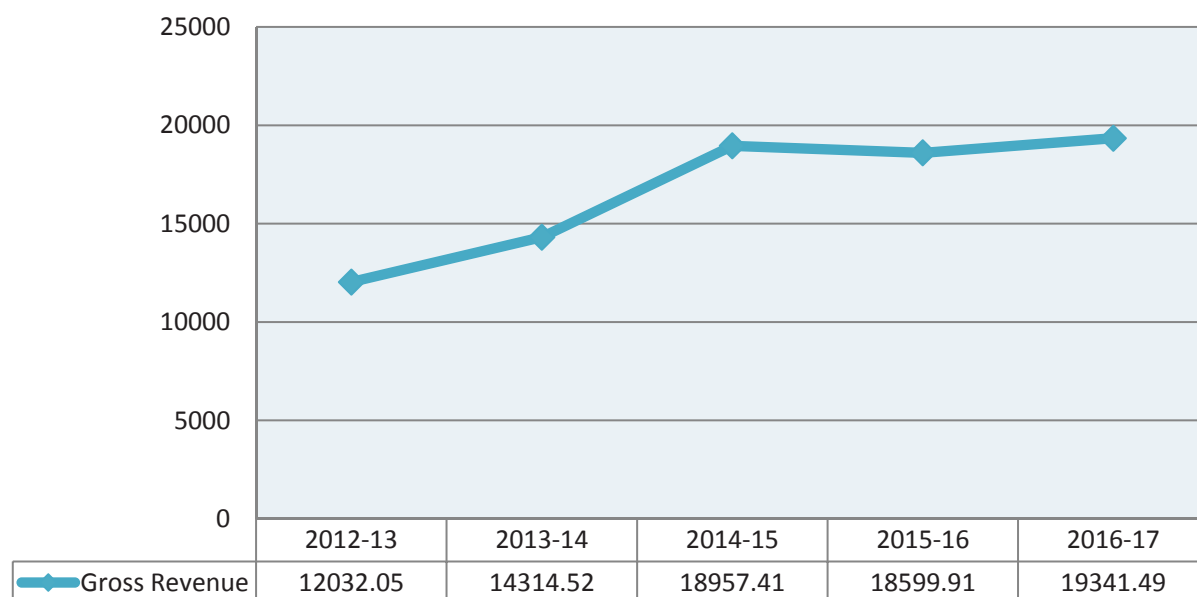
Performance Indicators

₹ in Lakhs

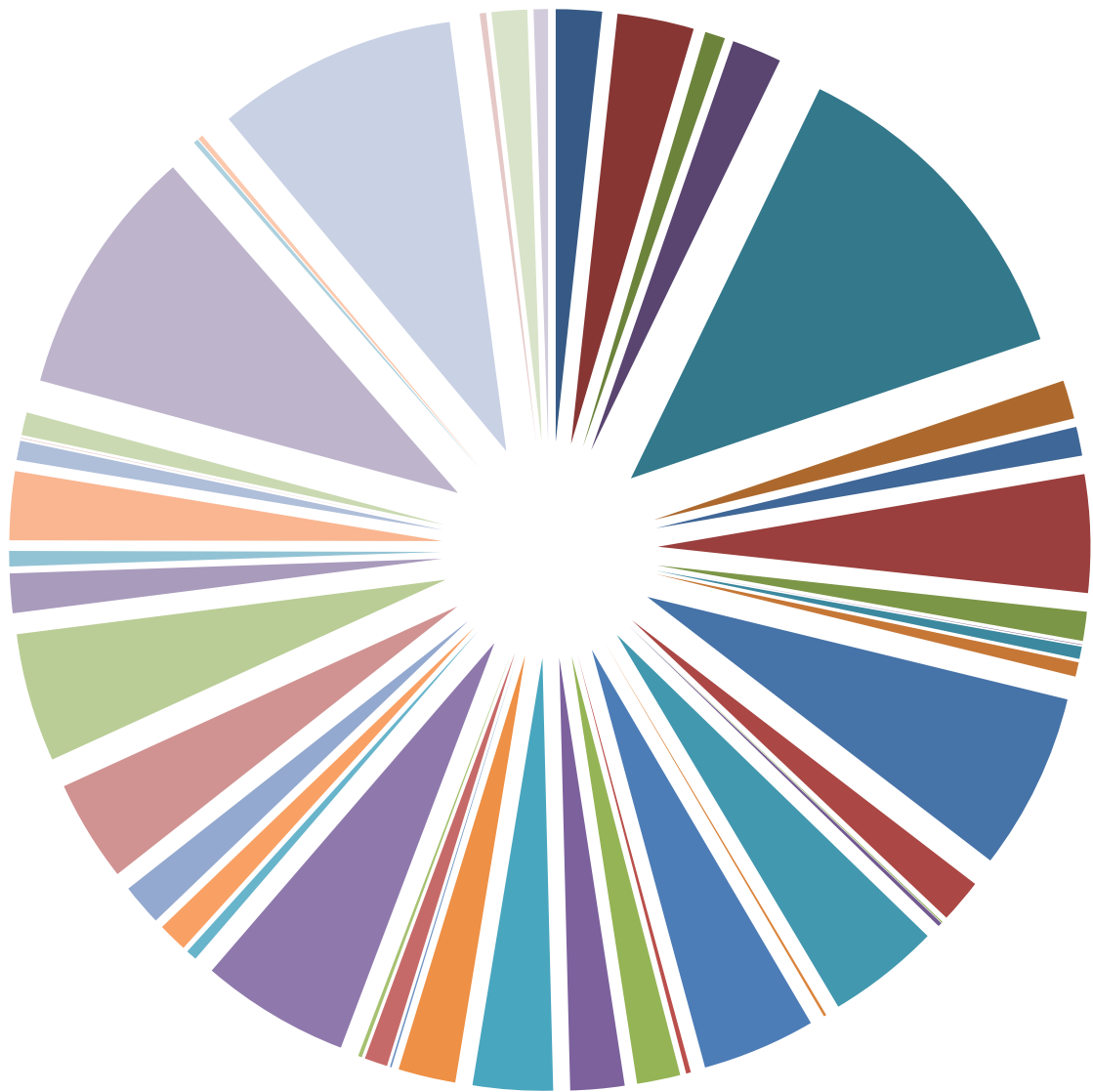


₹ in Lakhs

Gross Revenue



Country wise Break Up In Sales



- | | | | |
|----------------------|----------------------|------------------|----------------|
| ■ Argentina | ■ Australia | ■ Bangladesh | ■ Bolivia |
| ■ Brazil | ■ Canada | ■ Chile | ■ China |
| ■ Colombia | ■ Cyprus | ■ Czech Republic | ■ EL Salvador |
| ■ France | ■ Germany | ■ Hongkong | ■ Hungary |
| ■ Indonesia | ■ Iran | ■ Italy | ■ Kenya |
| ■ Malaysia | ■ Malta | ■ Mexico | ■ Morocco |
| ■ Newzeland | ■ Pakistan | ■ Peru | ■ Philippines |
| ■ Republic of Poland | ■ Russian Federation | ■ Singapore | ■ South Africa |
| ■ Spain | ■ Sri Lanka | ■ Syria | ■ Thailand |
| ■ The Netherlands | ■ Trinidad | ■ Turkey | ■ U.S.A |
| ■ UAE | ■ Ukraine | ■ United Kingdom | ■ Uruguay |
| ■ Venezuela | ■ Vietnam | | |

Letter from the Chairman and Managing Director

Dear Shareholders,

The financial year 2016-17 proved to be a satisfying year for our Company. At this critical juncture, I am pleased to present the satisfactory annual performance of our Company despite the gloomy global economic scenario and the demonetisation impacted Indian economy.

After the few initial years of struggle, our Company performed quite steadily and has grown over 23 years. But, financial year 2016-17 proved to be vital as we embarked on the path of securing long-term future goals through the development of new products. Commencing in the financial year 2016-17, we laid out a few primary objectives such as improving free cash flow generation and expanding our product offerings to minimise the product risk, thus positioning our Company for long-term sustainable growth. And I am proud to say that during this past year, we delivered on each of these objectives, while significantly strengthening our balance sheet and delivering impressive returns to shareholders.

Our Company has always strived to be the best in terms of identifying and developing niche products, possessing a differentiated R&D approach and also undertaking development of our products. Unlike many in our sector we focused mainly on inventing better and greener chemical processes, having higher purity levels and better cost efficiency. Thus today the purity levels of our Company's products are among the best globally. There are however downsides to this strategy like slower product launches and a concentrated product portfolio. But at our Company, we have successfully overcome this challenge by focusing on a long product pipeline which will ensure continued growth for the next 5 years.

We are happy to announce a new and exciting range of Natural Lakes. Lakes of Synthetic Colours are widely promoted world over in various applications. This range has been specially prepared for those end users who are looking to replace synthetic lakes with natural lakes. Various exciting shades have been derived by substrating various Natural Colours on Alumina. There is a huge potential for these Pigments to be used in various applications like Pharmaceutical & Cosmetic applications, dry snacks, inks, films, coating and panning, can linings etc.

From a macro perspective, despite a number of challenges in terms of fluctuating oil prices, uncertain geopolitical scenarios and slower than expected growth in the emerging economies, a number of micro economic factors like lower cost of labour, availability of key raw materials, large consumer markets and adaptability to technology along with strong policy support from the Government, has worked in favour of the Indian food color and chemical industry. Further I believe that recent market changes have created notable challenges for our industry. However, they also present new opportunities for our business. Thus, our Company is uniquely suited to compete effectively throughout the cycle.

I can assure you that we will continue our intense focus on the value creation for shareholders. We appreciate the confidence and trust that you have shown in our Board, management and our employees. We have undertaken this journey for 23 years now. But I believe we are still far away from achieving our best. The coming years would be an exciting time for our shareholders as I believe they would be our transformative years. We continue to keep our commitments to our shareholders and unlock the value within our Company. We continue to maintain an unparalleled financial position in the industry. This enables us to pursue and finance attractive investment opportunities as and when they arise. I look forward to a year of transformation and value creation with you, our shareholders.

With warm regards,

Bipin M. Manek
Chairman and Managing Director

BOARD OF DIRECTORS



Mr. Bipin M. Manek

Chairman & Managing Director, Executive

Mr. Bipin Manek is one of the Promoters of the Company and has been actively associated with the Company since its inception and has played a key role in bringing the Company to its present heights. He holds Bachelors' Degree in Commerce and has a rich experience of over thirty-one years in the field of Imports & Exports in food color industries and management of business. He oversees the entire operations of the Company. As a Managing Director, Mr. Manek is acknowledged as a thought leader in transforming the Company from a small food color manufacturing Company to the Asia's 2nd largest food color manufacturing Company.

Mrs. Pravina B. Manek

Woman Director, Non-Executive

Mrs. Pravina Manek is also one of the Promoters of the Company and associated with the Company since its inception. She holds Bachelors' Degree in Arts from University of Mumbai. She has sixteen years of vast experience and expertise in the business of food color.



Mr. Mihir B. Manek

Joint Managing Director , Executive

35 years of age, Mr. Mihir Manek is a Science Graduate in Industrial Chemistry from the University of Mumbai. Mr. Mihir Manek is the Joint Managing Director of the Company. He has been associated with the Company for more than eleven years. He has an experience and expertise in the business of procurement of imported raw materials and distribution of various chemicals for over ten years. He has played a significant role in leading multiple initiatives to accelerate production and sales of the Company.

BOARD OF DIRECTORS



Mr. Vijay K. Atre

Non-Executive Director

Mr. Vijay Atre holds a Masters Degree in Science from University of Mumbai. He has thirty-nine years of rich experience in the field of food colors manufacturing unit. He has been associated with the Company for more than twenty-two years.

Mr. Prafulchandra A. Shah

Independent Director, Non-Executive

84 years of age, Mr. Prafulchandra Anantlal Shah is an Engineering Graduate in Mechanical and Electricals. Mr. Shah has a total experience of fifty-eight years in construction industry. His areas of strength include industrial Constructions & Project Works. He has been associated with the Company for more than thirteen years.



Mr. Anil Kumar Dhar

Independent Director, Non-Executive

Mr. Anil Kumar Dhar holds a Bachelors' Degree in Industrial Chemistry from University of Mumbai. He was an IRS Officer. Having been associated with Refex Industries Limited, Mr. Dhar has vast experience in Taxation & Trade Laws. He has a rich experience of thirty-seven years in the field of Indirect Taxation & Foreign Trade Laws. He holds Directorship in Chandan Steels Limited and Manas Properties Limited.

BOARD OF DIRECTORS



Mr. Nirenbhai D. Desai

Independent Director, Non-Executive

Mr. Nirenbhai Desai holds a Bachelors' Degree is an Engineering Graduate in Mechanicals. He had been associated with the Company since 2005. Mr. Desai has vast experience in Machine Tools. He has a dynamic experience of thirty-eight years in the field of Indirect Industrial Hardware & Machine Tools.

Mr. Chetan P. Bavishi

Independent Director, Non-Executive

Mr. Chetan Bavishi holds a Bachelors degree in Commerce from Mumbai University. He had been associated with the Company since 2003. He has vast experience of more than twenty-six years in the business of iron and steel industry.



Mr. Rahul C. Berde

Independent Director, Non-Executive

Mr. Rahul Berde holds a Masters degree in Analytical Chemistry from Mumbai University. He had been associated with the Company since 2014. Before appointed as Independent Director on the Board of the Company, he was associated with Water's India Limited as a Senior Marketing Manager.