

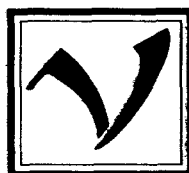


Report  junction.com

Vidhi Dyestuffs Manufacturing Limited

12TH Annual
Report
2004 - 2005





VIDHI DYESTUFFS MANUFACTURING LIMITED TWELVETH ANNUAL REPORT 2004 - 2005

BOARD OF DIRECTORS

DIRECTORS

- : SHRI BIPIN M. MANEK
Chairman & Managing Director
- : SHRI NARESH L. MODI
Joint Managing Director
- : 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

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.

CORPORATE ADVISORS

- : M/s. MIHIR SHAH & ASSOCIATES
Chartered Accountants

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**

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of VIDHI DYESTUFFS MANUFACTURING LIMITED will be held on THURSDAY the 15TH SEPTEMBER, 2005 at 5.00 p.m. at E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400034 to transact the following business :

GENERAL BUSINESS :

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Accounts of the Company for the year ended 31st March, 2005.
2. To approve the interim dividend paid during the year by the Board of Directors.
3. To appoint a Director in place of Mrs. Pravina B. Manek, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Prafulchandra a. Shah, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Chetan P. Bavishi, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Mr. Mitesh D. Manek, as a Director.
7. To appoint Mr. Niren D. Desai, as a Director.
8. To appoint Auditors 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 Thursday, the 8th September, 2005 to Thursday, the 15th September, 2005 (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) write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting.

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 and 2004 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** alongwith 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.
10. As per requirement of Clause 49 VI(A) of the Listing Agreements with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for re-appointment are given in the Corporate Governance Section to this Annual Report.

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

Place : Mumbai
Date : 30th June 2005

Bipin M. Manek
Chairman & Managing Director



VIDHI DYESTUFFS MANUFACTURING LIMITED**DIRECTORS' REPORT**

To,
The Members,
VIDHI DYESTUFFS MANUFACTURING LIMITED
Your Directors have pleasure in presenting 12th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2005.

FINANCIAL RESULTS :

	Current Year Rupees lakhs	Previous Year Rupees lakhs
Profit for the year before providing for Depreciation	362.83	401.26
Less: Depreciation	76.52	71.11
Profit after Depreciation	286.31	330.15
Less: Provision for Taxation		
Current Year	87.00	
Deferred Tax	(12.00)	64.38
Profit after Tax	211.31	265.77
Add: Profit brought forward from previous year	735.08	580.40
	946.39	846.17
APPROPRIATIONS :		
Interim Dividends	74.92	74.92
Corporate Dividend Tax	9.79	9.60
Transfer to General Reserve	21.13	26.57
Balance Profit Carried to Balance Sheet	840.55	735.08

DIVIDEND :

Your Directors have paid an interim dividend of Rs. 1.50 per share during the year ended 31st March 2005 on 21st December, 2004. In order to conserve resources, your directors do not recommend any final dividend for the year.

OPERATIONS:

During the year under review your Company has achieved a turnover of 26.25 Crores compared to Rs.29.78 Crores. The apparent reduction in turnover is on account of trading exports which were at Rs. 3.88 crores in the year under review as compared to Rs. 8.40 crores in the earlier year. During the year under review your Company has earned a net profit of Rs. 2.87 crores as compared to Rs. 3.30 crores in the earlier year. The Company has manufactured 799 M. tons of Food colours against 752 M.tons in the earlier year.

Your company strives to optimally utilize its manufacturing capacity. To maintain the growth your company has decided to widen the product range and target markets where your company's presence needs to be improved. Your directors do not foresee any problems in penetrating new markets and promoting new and related products with the help of a very well established distributor network the world over. Your company continues to maintain its ideal position in field of manufacturing of food colours and lakes by maintaining a very high standard using GMP along with respected accreditations like ISO 9001:2001 certification achieved earlier and very recently HACCP which has resulted into increased customer satisfaction and trust in Vidhi brand. In spite of the ever-rising competition your Company has been able to earn good profit.

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, offer herself, for reappointment as Director. Your Directors recommend her 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.

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

Shri Mitesh D. Manek retires at the ensuing Annual General Meeting. Being eligible, offer himself, for appointment as Director. Your Directors recommend his appointment.

Shri Niren D. Desai retires at the ensuing Annual General Meeting. Being eligible, offer himself, for appointment as Director. Your Directors recommend his appointment.

CORPORATE GOVERNANCE:

The Company continues to comply with the requirements of clause 49 of the Listing Agreement dealing with Corporate Governance and the details are set out in the Annexure to this report

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(2A) 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 2 forming part of this report.



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 :

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.

AUDITORS AND AUDITORS REPORT :

M/S. Bhuta Shah & Co, Chartered Accountants, the retiring Auditors of the Company hold office until the conclusion of the ensuring Annual General Meeting and are recommended for reappointment at a remuneration to be decided by the Board of Directors of the Company. The notes to the accounts are referred in the auditors report are self - explanatory and, therefore do not call for any further comments.

ACKNOWLEDGEMENT :

Your Director take 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 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 by them.

For and on behalf of the Board

Place : Mumbai
Dated : 30th June 2005

Bipin M. Manek
(Chairman & Managing Director)

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	13,33,712	13,68,425
	: TOTAL AMOUNT	46,59,830	48,03,430
	: RATE PER UNIT	3.49	3.51
b. Furnace Oil			
	: LITRES	8,90,246	9,03,987
	: TOTAL AMOUNT	98,00,709	92,35,791
	: RATE PER LITRE	11.01	10.22

B) Details of consumption per unit of production :

PER KILO OF DYES	:		
Electricity	: UNITS	1.07	1.27
Furnace Oil	: LITRES	0.72	0.84

2. FOREIGN EXCHANGE EARNINGS AND OUTGO :

		(Rs. In Lakhs)
FOB VALUE OF EXPORTS	:	2361.67
EXPENDITURE IN FOREIGN EXCHANGE	:	283.69

For and on behalf of the Board

Place : Mumbai
Dated : 30th June 2005

Bipin M. Manek
(Chairman & Managing Director)



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

"Vidhi" manufactures edible food colours as ingredients for foodstuffs, pharmaceuticals, Confectionery, Pet foods, Healthcare, dairy products, soft drinks and cosmetic industries encompassing various Industrial sector. The Food colours being meant for industrial use, the demand for the colours is derived directly from its customers and end users which in turn span of large and diverse industry Spectrum. The company is among the acknowledged leaders in the manufacturing of Food Colours. 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 high cost of labour and other factors the overseas manufacturers of food colours especially in developed countries are curtailing their Production activities. In view of the same the demand of food colours has increased substantially in the overseas market.

3) Threats, Risks and Concerns

- Appreciation of Indian Rupee against USDollar, which has negative impact on the profit margin of the Company.
- Increased competition from SSI units based in Gujarat state is seen as a threat but not an immediate threat due to their poor quality standard.
- Government policy in respect of foreign trade is an area of major concern.

4) Performance

Sales of food colours during the financial year 2004-05 was higher by 2.81%. The plant utilization capacity continues to be optimally utilized.

The business performance continues to be robust inspite of cut throat global 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 and the development of innovative products.

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 five 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 :**

(Rs. lakhs)			
Item	2004-05	2003-04	Change (%)
Turnover	2624.64	2977.57	- 11.85
Other income	87.24	145.69	- 40.11
Sub-total (1+2)	2711.88	3123.26	- 13.17
Total Expenditure (excluding interest)	2399.23	2771.14	- 13.42
Profit before interest and Tax	312.65	352.12	- 11.21
Operating margin	11.52 %	11.27%	+ 0.25
Profit after Tax	211.31	265.78	- 20.49
Return on Capital Employed	14.45 %	19.89%	- 5.44
Inventory Turnover-Times	0.11	0.10	+ 0.01
Current Ratio	5.7:1	2:6:1	+ 3:1:1
Debt : Equity Ratio	0.003	0.006	- 0.003

(ii) Operational performance

Operating margins faced severe pressure on account of cutthroat competition. The Company's continues to put efforts to reduce costs, improve yields and introduce new products. Export of food colours during the year increased to Rs. 26.25 crores as against Rs. 25.53 crores in the earlier year.

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 2005. 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 continues to achieve considerable success in the prevention of accidents by adhering to strict guidelines. The Company's factory completed the second 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 brief report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under :

COMPANY PHILOSOPHY :-

The Company's corporate Governance philosophy encompasses not only regulatory and legal requirement 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.

BOARD OF DIRECTORS :

Compositions of the Board and Directorship held in Other Companies as on 31st March, 2005.

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	1
3	Mrs. Pravina B. Manek	Non-Executive	NIL	NIL	2
4	Mrs. Alka N. Modi	Non-Executive	NIL	NIL	2
5	Mr. Vijay K. Atre	Non-Executive, Independent	NIL	1	1
6	Mr. Prafullchandra A. Shah	Non-Executive, Independent	NIL	NIL	1
7	Mr. Chetan P. Bavishi	Non-Executive, Independent	NIL	NIL	1

Attendance record of the Directors :

During the Financial year 2004-2005, Meetings of Board of Directors were held on the following days :-

5th April 2004, 30th June 2004, 31st July 2004, 30th September 2004, 30th October 2004, 21st December 2004 & 31st January 2005.

Annual General Meeting was held on 30th September 2004.

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	6	Yes
Mr. Prafullchandra A. Shah	7	7	Yes
Mr. Chetan P. Bavishi	7	5	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.

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.

All the suggestions / recommendations of the Audit Committee during the financial year 2004-05, have been accepted by the Board of Directors



VIDHI DYESTUFFS MANUFACTURING LIMITED

The attendance record of each member of the Audit Committee at the Meeting held on 5th April 2004, 30th June 2004, 31st July 2004, 30th October 2004 & 31st January 2005 is as follows :

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mr. Vijay K. Atre	Non-Executive,Independent	5	5
Mr. Prafullchandra A. Shah	Non-Executive,Independent	5	5
Mr. Chetan P. Bavishi	Non-Executive,Independent	5	3
Mrs. Pravina B. Manek	Non-Executive	5	5
Mrs. Alka N. Modi	Non-Executive	5	5

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 30th June 2004, 31st July 2004, 30th October 2004 & 31st January 2005.

The details of Complaints received and redressed during the financial year 2004 – 2005 are as under :

Sr.No	Particulars	Correspondences	
		Received	Redressed / attended
	Complaints		
1	Non-Receipt of Share Certificates	...	...
2	Non-Receipt of Dividend Warrants	7	7
3	SEBI/Stock Exchanges / Forums/Legal	3	3
4	Misce. Complaints	4	4
	Requests from Shareholders		
5	Change of Address	4	4
6	POA/ Mandate/Bank Details	...	...
7	Exchange/ Redemption	...	...
8	Deletion/Transmission	...	...
9	Ind Bond / Affi. For Duplicates	...	...
10	Div / RO for revalidation	3	3
11	Filing / Acknowledgement / Misc.	...	...
	Total	21	21

Consequent to merger / consolidation of Business of Dynamic Superways & Exports Limited with Sharex (India) Private Limited, all Share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. Sharex Dynamic (India) Private Limited having Registered office address at 17 B, Dena Bank Building 2nd Floor, Horniman Circle Fort, Mumbai – 400001 and their branch office at unit –1, Luthra Industrial Premises Andheri Kurla Road, Safed Pool, Andheri (East) Mumbai-400072 with effect from 1st October 2004.

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 and Ahmedabad Stock Exchanges. 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.

