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Vidhi Dyestuffs Manufacturing Limited

15TH Annual
Report
2007 - 2008





VIDHI DYESTUFFS MANUFACTURING LIMITED FIFTEENTH ANNUAL REPORT 2007 - 2008

BOARD OF DIRECTORS

DIRECTORS	:	SHRI BIPIN M. MANEK <i>Chairman & Managing Director</i>
	:	SHRI NARESH L. MODI
	:	SMT. PRAVINA B. MANEK
	:	SHRI VIJAY K. ATRE
	:	SHRI PRAFULCHANDRAA. SHAH
	:	SHRI CHETAN P. BAVISHI
	:	SHRI MITESH D. MANEK
	:	SHRI NIREN D. DESAI
	:	SHRI MIHIR B. MANEK
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 Fifteenth Annual General Meeting of the Shareholders of VIDHI DYESTUFFS MANUFACTURING LIMITED will be held on Tuesday, the 30th September 2008 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 2008 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 Mr. Vijay K. Atre as Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To reappoint Mr. Naresh L. Modi as Director, 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(s), the following resolution as an Ordinary Resolution:

"RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the provisions of the Companies Act, 1956 and such other approvals and sanctions as may be necessary, Shri Bipin M. Manek be and is hereby re-appointed as the Managing Director of the Company for a period of five years with effect from 1st November, 2007, not liable to retire by rotation, so long as he holds office as the Managing Director on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft of the Agreement (the particulars of which are enumerated in the Explanatory Statement Annexed to the Notice), placed before this Meeting and initialed by the Chairman for the purpose of identification, which agreement hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement and that the Board of Directors of the Company be and is hereby authorized to enter into an Agreement with Shri Bipin M. Manek in terms of the said draft of the Agreement with such modifications as may be agreed to and acceptable to the Board of Directors and to Shri Bipin M. Manek."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary and desirable to give effect to the foregoing resolution."

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 Tuesday, the 23rd September 2008 to Tuesday, the 30th September 2008 (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 2008, 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.



VIDHI DYESTUFFS MANUFACTURING LIMITED

6. As per the provisions of the Companies Act, 1956 facility for making nominations is available for shareholders in respect of the physic. 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 2002, 2003, 2004, 2005 and 2006 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 2008

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

ITEM NO. 5

The Board of Directors have at their Meeting held on the 27th October, 2007 approved the reappointment of Shri Bipin M. Manek as the Managing Director of the Company for a period of 5 years with effect from 1st November, 2007 on the terms and condition mention herein below, subject to the approval of the shareholders and subject to all other necessary approvals/sanctions. The terms of appointment of Shri Bipin M. Manek as the Managing Director of the Company expired on 31st October 2007. The Board considers that the services of Shri Bipin M. Manek as the Managing Director of the Company will be valuable for the growth of the Company.

The re-appointment of Shri Bipin M. Manek as the Managing Director of the Company would be pursuant to the provisions of section 269 read with Schedule XIII to the Companies Act, 1956.

The Terms and conditions for the re-appointment of Shri Bipin M. Manek as the Managing Director are mentioned below:

1. PERIOD OF APPOINTMENT:

5 Years from 1st November, 2007.

2. REMUNERATION:

The Managing Director shall be entitled to remuneration unto the maximum as may be permitted under Schedule XIII of the Companies Act 1956 or any modifications or re-enactment thereof as in force for the period under the agreement or on the basis of such other law/modifications as may be permissible or applicable, so however the total remuneration shall not exceed a salary of Rs. 1, 25,000/- P. M. and applicable perquisites and commission of 2% on the net profit of the Company.

In the event of absence or inadequacy of profits during the aforesaid period, the remuneration to the Managing Director by way of salary, dearness allowance, perquisites and other allowances shall be restricted to the ceiling prescribed in Section II of Part II of Schedule XIII.

He shall not be paid any sitting fees for attending the Meeting of the Board of Directors of Committee thereof.

3. OVERALL LIMIT:

The remuneration referred to in Clause 2 hereof is subject to the limit of 5% of the annual net profits of the Company and subject to the overall limit of 10% on the remuneration of all the Managing Director of the Company.

4. OTHER FACILITIES:

He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.

Your Directors recommend the Resolution for your approval.

Except for Shri Bipin M. Manek, Smt Pravina B. Manek, Shri Naresh L. Modi, Shri Mitesh D Manek and Shri Mihir B. Manek, none of the Directors are interested in the Resolution.

This Explanatory Statement together with Resolution under serial No 05 in the accompanying Notice is and should be treated as abstract under Section 302 of the Companies act, 1956.

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

Bipin M. Manek
Chairman & Managing Director

Place: - Mumbai

Date: - 30th June 2008



15TH ANNUAL REPORT 2007 - 2008

DIRECTORS' REPORT

To,
The Members,
VIDHI DYESTUFFS MANUFACTURING LIMITED

Your Directors have pleasure in presenting 15th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2008.

FINANCIAL RESULTS

	Current Year Rupees lakhs	Previous Year Rupees lakhs
Profit for the year before providing for Depreciation	239.63	252.29
Less : Depreciation	89.49	87.39
Profit after Depreciation	150.14	164.90
Less : Provision for Taxation		
Current Year	60.10	69.57
Earlier Year	19.03	-
Deferred Tax	(10.95)	(6.61)
	68.18	62.96
Profit After Tax	81.96	101.94
Add : Profit brought forward from Previous year	1,044.99	943.05
	1,126.95	1,044.99
APPROPRIATION :		
Interim Dividend	-	-
Corporate Dividend Tax	-	-
Transfer to General Reserve	-	-
Balance Profit Carried to Balance Sheet	1,126.95	1,044.99

DIVIDEND:

In order to conserve resources, your Directors do not recommend any dividend for the year 2007-2008.

OPERATIONS:

During the year under review your Company has achieved a turnover of Rs.30.69 Crores as compared to Rs.30.36 Crores of earlier year. During the year under review your Company has earned a net profit before tax of Rs. 1.50 crores as compared to Rs. 1.65 crores in the earlier year.

The Company has manufactured 988.84 M. tons of Food colours against 963.48 M. tons in the earlier year. During the year under review, your Company continues its growth and maintained the export market on account of persistent marketing efforts and with well-patronized customers all over the world. In spite severe pressure on the profit margins of the company due to cut-throat competition, continuous increase in prices of major raw- materials your company has been able to earn reasonable profit.

Your Directors assure to strive for the bright future of the Company.

DIRECTORS: -

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

During the year under review the terms of appointment of Shri Naresh L. Modi as the Jt. Managing Director of the Company expired on 31st October 2007. He shall continue as Director of the Company with effect from 1st November, 2007.

Shri Naresh L. Modi retires at the ensuing Annual General Meeting and being eligible, offer himself, for reappointment as Director.

Shri Vijay K. Atre retires at the ensuing Annual General Meeting and being eligible, offers himself, for reappointment as Director.

Your Directors recommend their reappointment as Director.

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.



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ANNEXURE 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	14, 62,320	14, 15,332
	: TOTALAMOUNT	67, 91,740	63, 67,550
	: RATE PER UNIT	4.64	4.50
b. Furnace Oil	: LITRES	6, 36,074	9, 44,451
	: TOTALAMOUNT	1, 15, 28,338	1, 69, 76,802
	: RATE PER LITRE	18.12	17.98
c. * Coal	: KILOGRAM	8, 01,598	---
	: TOTALAMOUNT	36, 27,501	----
	: RATE PER KGS	4.53	----

B) Details of consumption per unit of production

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Electricity	: UNITS	1.55	1.47
Furnace Oil	: LITRES	0.67	0.98
* Coal	: KILOGRAM	1.78	---

(* Part of the year)

2) TECHNICAL ABSORPTION :

1. No technology has been imported by the company.
2. 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 plan:

The company has achieved a level of exports, which During the year amounted to Rs.2907.33 Crores .The Company's Plans are multi dimensional and the management is taking various Initiatives to increase exports of the Company.

(Rs. In Lakhs)

b) FOB VALUE OF EXPORTS	2834.78	2831.91
EXPENDITURE IN FOREIGN EXCHANGE	1052.84	778.43

For and on behalf of the Board

Place : Mumbai
Dated : 30th June 2008

Bipin M. Manek
(Chairman & Managing Director)



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ANNEXURE II - TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

In this dynamic environment shareholders across the globe evince keen interest in the performance of the companies and thus good Corporate Governance is of paramount importance for the companies seeking to distinguish themselves in the global footprint.

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 the Stock Exchange but also several voluntary practices at superior level of business ethics, effective supervision and enhancement of shareholder value. Transparency, fairness, disclosures and accountability- the four pillars of Corporate Governance have always been central to the working of your Company.

2) BOARD OF DIRECTORS:

Your Company is managed and guided by a professional Board comprising of 9 directors out of which 4 are Independent Directors.

Composition of the Board, no. of other Directorship and Chairmanships/Memberships of Committees of each other Director in various companies as on 31st March 2008.

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, Promoter	1	NIL	NIL
2	Mr. Naresh L. Modi	*Non-Executive, Promoter	1	NIL	NIL
3	Mrs. Pravina B. Manek	Non-Executive, Promoter	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,	NIL	NIL	NIL

* From 1.11.2007

Shri Naresh L. Modi has not opted to continue as Jt. Managing Director of the Company and will continue as Director of the Company from 1st November 2007.

Shri Naresh L. Modi retires at the ensuing Annual General Meeting and being eligible, offers himself, for reappointment as Director.

Shri Vijay K. Atre retires at the ensuing Annual General Meeting and being eligible, offers himself, for reappointment as Director.

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting:

Name	Age (Years)	Educational Qualification	Experience	
Mr. Vijay K. Atre	83 Years	M.Sc	30 yeas rich experience in the field of food colours Manufacturing unit.	Mr. Vijay K. Atre was appointed as an Additional Director on 2 nd May, 1995. He is due to retire by rotation at the forth coming Annual General Meeting and being eligible offers himself for reappointment
Mr. Naresh L. Modi	50 Years	Commerce Graduate	25 years rich experience in the field of Exports and Imports.	Mr. Naresh L. Modi has not opted to continue as Jt. Managing Director of the Company and continued as Director of the Company from 1 st November, 2007 He is due to retire by rotation at the forth coming Annual General Meeting and being eligible offers himself for reappointment

15TH ANNUAL REPORT 2007 - 2008**Shareholding of Non executive director as on 31st March 2008**

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Mrs. Pravina B. Manek	73,99,000	14.81
2.	Mr. Vijay K. Atre	25,000	0.05
3.	Mr. Prafullchandra A. Shah	-	-
4.	Mr. Chetan P. Bavishi	-	-
5.	Mr. Niren D. Desai	-	-

Attendance Record of the Directors:

The Meetings of the Board of Directors are normally held at the Registered Office of the Company. The Board meets at least once in a quarter to review the quarterly performance and financial results.

During the Financial Year 2007-2008, six meetings of Board of Directors were held on the following days: -19th May 2007, 30th June 2007, 31st July 2007, 27th October 2007, 07th November 2007 and 31st January 2008

Annual General Meeting for the financial year ended 31st March 2007 was held on 29th September 2007.

The Board of Directors has not passed Resolution through Circular Resolution during the current financial year

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

Financial Year 2007-2008

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	6	Yes
Mrs. Pravina B. Manek	6	6	Yes
Mr. Vijay K. Atre	6	6	Yes
Mr. Prafullchandra A. Shah	6	6	Yes
Mr. Chetan P. Bavishi	6	5	Yes
Mr. Mitesh D. Manek	6	6	Yes
Mr. Niren D. Desai	6	6	Yes
Mr. Mihir B. Manek	6	6	Yes

Agenda for each Board Meeting were sent along with notes on agenda items at least 7 days in advance to all the Directors. At the Board meetings of the Company the Directors are being provided information stipulated in clause 49 of the Listing Agreement. The Board has a formal schedule of matters reserved for its consideration, which includes review of the Company's performance. The Company has designed the required information system for this purpose.

Matters discussed at these Board Meetings relate 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.

Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification

Declaration by the Managing Director and Chief Financial Officer under Clause 49 (1) (D) of the Listing Agreement regarding adherence to the code of conduct is forming part of the Report on Corporate Governance.

In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.

Code of Conduct

In compliances with the regulatory requirements and effective implementation of corporate governance practices, the Company has adopted the following codes of governance in accordance with the applicable regulations of Securities and Exchange Board of India:-

- Code of Conduct for prevention of Insider Trading; or regulating the dealings of the Directors and Employees of the Company possessing or likely to possess price sensitive information, in the securities of the Company;
- Code of Conduct for Board of Directors and Senior Management

3) AUDIT COMMITTEE:

The composition, procedure, role / function of the Audit Committee are in accordance with the requirements of the Listing Agreement.

A. 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:



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- 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.

B. Composition:

The Audit committee consists of five Directors, out of which, 3 are independent, non-executive directors, 1 is Promoter, non-executive director and 1 is executive director.

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

C. Meetings & Attendance:

The members of the Audit Committee met five times during the year.

The Meetings were held on 19th May 2007, 30th June 2007, 31st July 2007, 27th October 2007 & 31st January 2008, the details of which are as follows.

Name	Non-Executive/Independent	Numbers of Meetings	
		Held	Attended
Mr. Vijay K. Atre	Chairman, Non-Executive, Independent	5	5
Mr. Prafullchandra A. Shah	Non-Executive, Independent	5	5
Mr. Niren D. Desai	Non-Executive, Independent	5	5
Mrs. Pravina B. Manek	Non-Executive	5	5
Mrs. Mitesh D. Manek	Executive	5	5

All the members of the Audit committee are financially literate and have accounting or related financial management expertise.

The Chairman of the Audit Committee was present at 14th Annual General Meeting held on September 29, 2007.

4) REMUNERATION COMMITTEE

The Remuneration committee is constituted to formulate and recommend to the Board from time to time a compensation structure for Managing Director/Whole-time Director of the Company.

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.

