

ANNUAL REPORT 2010-2011



VIPUL DYECHEM LTD.

Infinite possibilities ●●●

(Government of India recognised Star Export House)
An ISO 9001: 2008 certified company

Board of Directors : Mr. Pravinchandra B. Shah Chairman
Mr. Vipul P. Shah Managing Director
Dr. S. N. Sahai Whole Time Director
Mr. R. L. Rathod Whole Time Director (upto 15th July, 2010)
Mr. Arvind J. Patel Director
Mr. Jagdeep Mehta Director
Dr. Anil S. Salvi Director (upto 15th July, 2010)
Mr. Prasannakumar Gawde Director

Auditors : M/s. J. A. Rajani & Co.
Chartered Accountant
Mumbai.

Banker : Vijaya Bank
Mandvi Branch,
Mumbai.

Registered Office : 102, Andheri Industrial Estate,
Off. Veera Desai Road,
Andheri (West),
Mumbai - 400053.

Works : Palghar

Registrar & Share Transfer Agent : **Bigshare Services Pvt. Ltd.**
E 2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka, Andheri (East),
Mumbai 400 072
Tel No. : 022 2847 0652
Fax No. : 022 2847 5207
Email ID : ansar@bigshareonline.com

NOTICE

Notice is hereby given that the next Annual General Meeting of the members of **VIPUL DYECHEM LIMITED** will be held on Friday, the 30th day of September 2011 at 3.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai - 400058 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year ended on 31st March 2011.
3. To appoint a Director in place of Mr. Pravinchandra B. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arvind Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s J. A. Rajani & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s) as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the reappointment of Dr. S. N. Sahai as Whole Time Director of the Company for a further period of 1 year w.e.f. 15th December 2010 on the following terms and conditions be and is hereby approved:

I. Term of appointment: 1 year w.e.f. 15th December 2010.

II. Remuneration payable:

(a) Salary: Rs. 30,000/- per month

(b) Perquisites: The Whole Time Director shall be entitled to the perquisites in accordance with the Company's policies, practices and procedures over and above the salary.

(c) The Company shall reimburse the Whole Time Director expenses incurred by him for the purpose of the business of the Company in accordance with the Company's policies, practices and procedures.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Dr. S. N. Sahai, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may be required to give effect to the above resolution.”

7. To consider and if thought fit, to pass with or without modification(s) as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), revision in the remuneration payable to Dr. S. N. Sahai, Whole Time Director of the Company with effect from 1st April 2011 for the remaining period of his tenure on the following terms and conditions be and is hereby approved:

I. Remuneration payable:

- (a) Salary: Rs. 37,500/- per month
- (b) Perquisites: The Whole Time Director shall be entitled to the perquisites in accordance with the Company's policies, practices and procedures over and above the salary.
- (c) The Company shall reimburse the Whole Time Director expenses incurred by him for the purpose of the business of the Company in accordance with the Company's policies, practices and procedures.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Dr. S. N. Sahai, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may be required to give effect to the above resolution."

8. To consider and if thought fit, to pass with or without modification(s) as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows :

(I) by inserting following new Article as Article No. 97 (c) after existing Article No. 97 (b):

97(c)	Notice and other documents of General meeting of the company can be given to shareholders even by email provided every shareholder should be given advanced opportunity to register their email address and changes therein from time to time with the company. In case any member has not registered his email address with the company, the service of notice and documents should be in accordance with the provisions of section 53 of the Companies Act, 1956. The Notice of the General Meeting must inform the shareholders regarding availability of participation in the meeting through Video Conferencing and must provide necessary information to shareholders to access the available facility of video conferencing.	Notice of Meeting
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(II) by inserting following para at the end of the existing Article No. 106:

106	Members attending the meeting through the Video conferencing will not be counted for the purpose of ascertaining the quorum of the meeting.
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(III) by insertion of the following Article No. 138 A after the existing Article No. 138

138 A	Notwithstanding anything contained in the Articles of Association of the Company, the Company does adopt the mode of passing the resolutions by its members by means of a postal ballot (including voting by an electronic mode) pursuant to the provisions of Section 192A of the Companies Act, 1956, and rules made there under and any modifications or amendments made thereto from time to time.
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(IV) by substituting the existing Article No. 162(a) with the following new Article No. 162(a):

162(a)	<p>The Directors may meet either in person or through video conferencing, capable of recording and recognizing the participation of the directors, for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings from time to time.</p> <p>The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutates mutandis apply to the meetings held through such video conferencing.</p>
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(V) by substituting the existing Article No. 162(d) with the following new Article No. 162(d) :

162 (d)	<p>Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India or through written communication sent electronically, and otherwise regulate their meetings, as they think fit</p> <p>Notice of the Board Meeting must inform directors regarding availability of participation through video conferencing and should also provide necessary information to enable the directors to access the available facility of Video conferencing. Notice of the meeting shall also seek confirmation from the Director as to whether he will attend the meeting physically or through electronic mode and shall also contain contact number (s), email addresses of the Secretary / designated officer to whom the director shall confirm in this regard.</p>
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(VI) by substituting the existing Article No. 163 1. (a) with the following new Article No. 163 1. (a):

163 1. (a):	<p>Subject to Section 287 of the Act the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two directors, present in person or attending through video-conferencing, whichever is higher, provided that where at any time the number of interested directors exceeds or is equal to two thirds of the total strength the number of the remaining director that is to say, the number of directors who are not interested shall be the quorum during such time provided such number is not less than two.</p> <p>Provided that any Director participating through video conferencing shall attend in person at least one Board Meeting held every year.</p>
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RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to be above resolution."

By Order of the Board of Directors

P. B. Shah
Chairman

Place : Mumbai
Date : 5th August 2011

Registered Office:
102, Andheri Industrial Estate,
Off. Veera Desai Road,
Andheri (West),
Mumbai 400 053

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Member/Proxy should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 28th September 2011 to Friday, 30th September 2011 (both days inclusive).
4. The dividend, if approved, shall be payable to members of the Company whose names appear as beneficial owners as at the end of business hours on 30th September 2011 as per the list furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form and as members on the Register of Members of the Company as on 30th September 2011 after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on 30th September 2011.
5. The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) have advised all listed Companies mandatorily to use the Electronic Clearing Service (ECS) facility wherever possible for dividend payment to the shareholders. In view of this stipulation, the Company proposes to implement the ECS facility. Members who wish to avail the ECS facility may provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts.

6. Shareholders are kindly requested to bring their copy of Annual Report to the meeting.
7. Members are requested to address all correspondences, including ECS mandates, etc. to the Registrar and Share Transfer Agents - Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072
8. Any member seeking information with regard to accounts of the Company is requested to write atleast 7 days before the meeting to enable the company to keep the information ready.
9. *Brief resume of directors being re-appointed:*

Mr. Pravinchandra B. Shah, a promoter Director and Chairman of the Company, is a Science Graduate, having 44 years of experience in the Dyestuff and Chemical Business. He is also director in Vipchem Pvt. Ltd., Jayapriya Chemical Industries Ltd. and Standardcon Pvt. Limited. He holds 247100 equity shares of the Company.

Mr. Arvind Patel is a science graduate having more than 44 years of experience in the line of business of the Company. He does not hold any equity shares of the Company.

Dr. S. N. Sahai is P.H.D in Technology process and having more than 31 years of experience in marketing and Techno commercial. He is also director in Jayapriya Chemical Industries Ltd. He does not hold any equity shares of the Company.

“Green Initiative”

The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a “Green Initiative” by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records.

You are thus requested to kindly submit your e-mail ID through the e-mail updation form provided with this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and by returning this form by post to the Company.

The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

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

Item Nos. 6 & 7

The Board of Directors of the Company at their meeting held on 29th October 2010 re-appointed Dr. S. N. Sahai as Whole-Time Director of the Company for a further period of 1 year w.e.f. 15th December 2010 on the terms and conditions as detailed in the resolution as set out in item no. 6 of this notice, subject to approval of members of the Company.

Further, in view of his contribution to the Company, the Board of Directors, on recommendation of remuneration committee, at their meeting held on 30th May 2011 revised the remuneration payable to Dr. S. N. Sahai, w.e.f 1st April 2011 for the remaining period of his tenure as detailed in the resolution as set out in item no. 7 of this notice, subject to approval of members of the Company.

Your Directors recommend the Ordinary Resolutions as set out at item nos. 6 and 7 of the notice.

Except Dr. S. N. Sahai, none of other directors of the Company are concerned or interested in these resolutions.

Item No. 8

In view of availing the following facilities, it is necessary to make suitable alterations in the existing provisions of Articles of Association of the Company.

(I) & (II)

The Ministry of Corporate Affairs, as a matter of Green Initiative has come out with the General Circular No. 27/2011 dated May 20, 2011 whereby participation by shareholders in general meeting under the Companies Act, 1956 is allowed through electronic mode. In view of availing the said facilities it is necessary to make the suitable alteration in the existing provisions of the Articles of Association of the Company.

Therefore it is propose to insert the suitable para after the existing Article Nos. 97 & 106, as set out at Item No. 8(I) & 8(II), to enable the Company to hold shareholders meeting and sending the requisite documents through e-mode.

(III)

To have provisions in Articles of Association of the Company in tendum with applicable provision of section 192A of the Companies Act, 1956, read with the Companies (passing of resolution by postal ballot) Rules, 2011 by way of postal ballot. regarding the passing of resolutions by postal ballot, it is proposed to insert new Article Nos. 138A after the existing Article No. 138 of the Articles of Association of the Company, as Set out at Item No. 8 (III).

(IV), (V) & (VI)

The Ministry of Corporate Affairs, as a matter of Green Initiative has come out with the another General Circular No. 28/2011 dated May 20, 2011 whereby participation by directors in meeting of Board / Committee of directors under the Companies Act, 1956 is also allowed through electronic mode. In view of availing the said facility it is necessary to make the suitable alteration in the existing provisions of the Articles of Association of the Company.

Therefore it is propose to substitute existing Article No. 162(a), Article No. 162 (d) and Article No. 163 1. (a) with the new Article No. 162(a) and Article No. 162 (d) respectively, as Set out at Item No. 8 (IV), 8 (V) & 8 (VI) to enable the Company to hold directors meeting through electronic mode.

As per the provisions of Section 31 of the Companies Act, 1956, the consent of the members by way of Special Resolution is required to carry out the proposed alterations in the Articles of Association of the Company.

Your Directors recommend passing the Special Resolution as set out at item no. 8 of the Notice.

None of the directors of the Company are concerned or interested in the above said resolution.

A copy of the Articles of Association of the Company together with the proposed alterations would be available for inspection by the member at the Registered Office of the Company during business hours on any working days and at the Annual General Meeting.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting herewith Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2011.

Financial Highlights:

The financial figures for the year under review are given below:

(Rs. in lacs)

Particulars	2010-11	2009-2010
Turnover	3298.32	2654.17
Profit (Before Depreciation, Interest & Taxation)	201.50	144.22
Less: Depreciation	22.91	19.46
Less: Interest	40.00	41.32
Profit before Tax	138.59	83.43
Less: Provision for Taxation	42.23	27.41
Profit after Tax	96.36	56.01
Add: Balance brought forward from Previous Year	207.21	200.30
Surplus available for appropriation	303.57	256.32
Proposed Dividend	43.48	36.68
Tax on Dividend	7.22	5.67
Tax adjustment earlier year	0.45	6.76
Balance carried to Balance Sheet	252.42	207.21

Operations:

Your Directors are pleased to inform you that the Company has achieved a turnover of Rs. 3298.32 Lacs during the year as compared to Rs. 2654.17 Lacs during the previous year. The Profit before tax has been increased to Rs. 138.59 Lacs from Rs. 83.43 Lacs in the previous year. After considering the provision for taxation of Rs. 42.23 Lacs (previous year Rs. 27.41 Lacs), your Company has achieved a Net Profit of Rs. 96.36 Lacs during the year (previous year Rs. 56.01 Lacs)

Dividend:

The Company's overall performance during the year under review was satisfactory. Your Directors are pleased to recommend the payment of dividend @ Re. 0.80 (8%) (previous year Re. 0.80 (8%)) for the financial year ended 31st March 2011. The dividend on Equity shares, if approved by the members will be paid to those members whose names appear on the Register of Members on 30th September 2011 and would involve an outflow of Rs. 43,47,600/- towards dividend and Rs. 7,22,136/- towards dividend tax, resulting in a total outgo of Rs. 50,69,736/-.

Public Deposits:

During the year under review, the Company has not accepted/renewed any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Directors:

Mr. R. L. Rathod and Dr. Anil Salvi resigned from the directorship of the Company w.e.f. 15th July 2010. The Board places its gratitude towards Mr. Rathod and Dr. Salvi for valuable guidelines extended by them during their tenure as Directors of the Company.

In accordance with Articles of Association of the Company, Mr. Pravinchandra B. Shah and Mr. Arvind Patel, Directors of the Company retire by rotation and being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting.

Dr. S.N. Sahai was re-appointed as Whole Time Director of the company for a further period of one year w.e.f. 15th December 2010, subject to the approval of the members.

Your Board recommends the re-appointment of Mr. Pravinchandra B. Shah, Mr. Arvind Patel and Dr. S. N. Sahai as directors of the Company.

Change in Share Capital of the Company

Authorized Share Capital of the Company was increased from Rs. 6 Crore to Rs. 7 Crore during the year under review.

On 23rd August 2010 the Company issued and allotted 19,75,000 Warrants on preferential basis convertible into equivalent number of Equity shares of Rs. 10/- each at an issue price of Rs. 20/- (including premium of Rs. 10/- per share) to the persons in Promoter Group and others. The Preferential Allotment was made in accordance with the provisions of Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

On 31st March, 2011, the Company issued and allotted 8,50,000 Equity shares of Rs.10/- each upon conversion of 8,50,000 warrants issued on preferential basis.

Based on the above changes, the issued, subscribed & paid up Capital of the Company has increased to Rs. 5,43,45,000/- divided into 54,34,500 Equity shares of Rs.10/- each.

Auditors' Report

With regard to observations made by the Auditors' in their report, your Directors would like to state that:

1. Regarding the payment of dividend distribution tax of Rs. 5.67 Lacs for the year 2009-10, we state that the Company is in process of making payment of the same.
2. The Company has disputed the demand of Rs. 0.55 Lacs raised by the Income Tax Department in respect of Assessment Year 2002-03 and has made an appeal before the Income Tax Appellate Tribunal, Mumbai. The Company is hopeful of winning the appeal.

Auditors:

M/s J. A. Rajani & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company hold the office till the conclusion of ensuing Annual General Meeting. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and that if re-appointment would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend the re-appointment of M/s J. A. Rajani & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company.

Directors' Responsibility Statement:

In accordance with the provisions of Section 217(2AA) of Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company financial year ended on 31st March 2011 and of the profit of the Company for that year;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis.

Awards and Recognition:

The Company has received "FIRST AWARD" for the 'Outstanding Export Performance' under the Dyes, Dye Intermediates and Pigment Panel by Export Promotion Council - Chemexcil, Government of India on 6th January 2011.