



VIPUL DYECHEM LTD.

Infinite possibilities ●●●



Annual Report

2011 - 2012

(Government of India Recognised Star Export House)
An ISO 9001 : 2008 Certified Company



Board of Directors	:	Mr. Pravinchandra B. Shah Mr. Vipul P. Shah Dr. S. N. Sahai Mr. Arvind J. Patel Mr. Jagdeep Mehta Mr. Prasannakumar Gawde	Chairman Managing Director Whole Time Director Director Director Director
Auditors	:	M/s. J. A. Rajani & Co. Chartered Accountants Mumbai	
Banker	:	Vijaya Bank Mandvi Branch, Mumbai	
Registered Office	:	102, Andheri Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai - 400053	
Works	:	Plot No. 11, Survey no 35, Diwan & Sons Industrial Estate, Village – Aliyali, Palghar (West) Dist. Thane - 401404 Plot No. A/14, MIDC, A.M.P. Road, Ambarnath (West) Dist. Thane - 421501	
Registrar & Share Transfer Agents	:	Bigshare Services Pvt. Ltd. E 2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400072 Tel No.: 022 28470652 Fax No.: 022 28475207 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 28th day of September, 2012 at 3.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai – 400058 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit & Loss 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, 2012.
3. To appoint a Director in place of Mr. Prasannakumar Gawde, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jagdeep Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s J. A. Rajani & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting up to 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), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the re-appointment of Dr. S. N. Sahai as Whole-Time Director of the Company for a further period from 15th December, 2011 till 30th June, 2012 on the following terms and conditions be and is hereby approved:

- I. Terms of re-appointment: W.e.f. 15th December, 2011 till 30th June, 2012.
- II. 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 services 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), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the re-appointment of Dr. S. N. Sahai as Whole-Time Director of the Company for a further period from 1st July, 2012 till 31st March, 2013 on the following terms and conditions be and is hereby approved:

- I. Terms of re-appointment: W.e.f. 1st July, 2012 till 31st March, 2013.
- II. 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 services 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), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) the revision in remuneration payable to Mr. Vipul P. Shah, Managing Director of the Company with effect from 1st October, 2011 for the remaining period of his tenure be and is hereby approved as follows :

1. Remuneration payable:
 - (A) Salary: Rs. 1,50,000/- (Rupees One Lac Fifty Thousand only) per month.
 - (B) Perquisites: The Managing Director shall be entitled to the following perquisites in accordance with the Company's policies, practices and procedures over and above the salary:
 - a) Company based accommodation or house rent allowance.
 - b) Education allowance.
 - c) Chauffeur driven Company car.
 - d) Reimbursement of medical benefit incurred for self and family.
 - e) Leave travel allowance.
 - f) Company's contribution to Keyman Insurance Policy and Provident Fund.
 - g) Superannuation Scheme, benefits of Gratuity, earned leave and encashment of leave as per rules of the Company.
2. Car for use in Company's business, telephone and other communication facilities at residence will not be considered as perquisites.
3. The Company shall reimburse the Managing 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 services of Mr. Vipul P. Shah, 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 deeds, matters and things as it may be required from time to time in this regard."

By Order of the Board of Directors

Place : Mumbai
Date : 14th August, 2012

Pravinchandra. B. Shah
Chairman

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

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IN CASE OF POLL ONLY 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, 26th September, 2012 to Friday, 28th September, 2012 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if approved by the shareholders at the ensuing Annual General Meeting.
4. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched between 8th October, 2012 and 10th October, 2012 to those members whose names shall appear on the Company's Register of Members on 28th September, 2012; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
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 – 2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072.
8. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investors Education and Protection Fund established by the Central Government and no claims shall lie against the said fund or the Company for the amount of dividend so transferred to the fund. Shareholders who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2006 or for any subsequent financial years are requested to make their claims to the Company.
9. 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.
10. Members holding shares in physical form are requested to notify any change in their address or bank mandates to the Company / Registrar and Share Transfer Agents quoting their Folio Number immediately. Members holding shares in the electronic form may update such details with their respective Depository Participants.

Brief resume of directors being re-appointed (in pursuance of Clause 49 of the Listing Agreement):

Mr. Prasannakumar Gawde, 46 years, is a Practicing Chartered Accountant. He has experience of more than 18 years in finance and taxation. He is also director of Sri Adhikari Brothers Television Network Limited, MGCA HR Consulting Private Limited, TV Vision Limited, MGCA Consultants Private Limited, Quest Security Services Private Limited, Prism Security Services Private Limited and Akshay Advisory Services Private Limited. He is Chairman of Audit and Remuneration Committee of the Company, member of Audit and Shareholders' / Investors' Grievance Committee of Sri Adhikari Brothers Television Network Limited and Chairman of Audit and Shareholders' / Investors' Grievance Committee and member of Remuneration Committee and IPO Committee of TV Vision Limited.

As on 31st March, 2012, he does not hold any Equity shares of the Company.



Mr. Jagdeep Mehta, 45 years, is a Commerce graduate from Bombay University and having more than 16 years experience in the field of Accounts, Finance and Dyes and Chemicals intermediates business. He is not a director of any other Company. He is member of Audit and Remuneration Committee of the Company.

As on 31st March, 2012, he does not hold any Equity shares of the Company.

Dr. S. N. Sahai, 67 years, is Ph. D. in Technology process and having more than 32 years of experience in marketing and Techno commercial. He is Director in Jayapriya Chemical Industries Limited and member of Shareholders' / Investors' Grievance Committee of the Company.

As on 31st March, 2012, he does not hold any Equity shares in 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 8th November, 2011 re-appointed Dr. S. N. Sahai as Whole-Time Director of the Company for a further period from 15th December, 2011 till 30th June, 2012. As the tenure of Dr. S. N. Sahai as the Whole Time Director of the Company expired on 30th June, 2012, the Board of Directors in their meeting held on 30th May, 2012 again re-appointed him for a further period from 1st July, 2012 to 31st March, 2013 on the terms and conditions as detailed in the resolutions as set out in item nos. 6 and 7 of this notice, subject to approval of members of the Company.

Your Board of Directors recommends passing of 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 this resolution.

Item No. 8

Mr. Vipul P. Shah is a promoter and is associated with the Company since more than last two decades. Mr. Vipul P. Shah being Managing Director of the Company shoulders a huge responsibility. He was appointed as a Managing Director of the Company w.e.f 15th July, 2010 for a period of three years.

The Board of Directors at their meeting held on 8th November, 2011, as recommended by the Remuneration Committee of the Company, revised the remuneration of Mr. Vipul P. Shah to Rs.1,50,000/- per month w.e.f. 1st October, 2011 subject to approval of the members of the Company.

The details as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956, are given below:

I	General Information	
(1)	Nature of industry	The Company is engaged in the business of manufacturing of Dye intermediates.
(2)	Date or expected date of commencement of commercial production	The Company is an existing Company and is in operation since 1972.
(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	N.A.
(4)	Financial performance based on given indicators	EPS : Rs. 1.02 / Return on networth : 10.08%
(5)	Export performance and net foreign exchange collaborations	Export Rs. 2625.14 lacs
(6)	Foreign investments or collaborators, if any	Nil



II. Information about the appointee		
(1)	Background details	Mr. Vipul P. Shah aged 46 years is a chemical engineer having more than 24 years experience in chemical dye stuff and pharmaceutical industry. He is associated with the Company from more than two decades. He is entrusted with overall management of the Company under the supervision of the Board of Directors.
(2)	Past Remuneration	Rs. 1,00,000/- per month as Managing Director since 15 th July, 2010.
(3)	Recognition or awards	Under the guidance of Mr. Vipul P. Shah, 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 6 th January, 2011.
(4)	Job profile and his suitability	He is actively involved in the business of the Company and manages day to day affairs. He provides his expertise in different areas of business of the Company. Taking into consideration his expertise, he is best suited for the responsibilities currently assigned to him by the Board of Directors.
(5)	Remuneration proposed	The Company proposes to pay remuneration of Rs.1,50,000/- p. m. plus perquisites to Mr. Vipul P. Shah w.e.f 1 st October, 2011 for the remaining period of his tenure.
(6)	Comparative remuneration profile with respect to industry, size of Company, profile of the position and person	At par with the industry standards in which the Company operates.
(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Vipul P. Shah is son of Mr. Pravindchandra B. Shah, Chairman and Promoter of the Company.
III. Other informations		
(1)	Reasons of loss or inadequate profits	Due to unfavorable market conditions the Company could not achieve high levels of profits.
(2)	Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms	The Company hopes to increase in revenue and profit margin in coming years.

Your Board of Directors recommends passing of the Special Resolution as set out at item nos. 8 of the Notice.

None of the directors, except Mr. Pravinchandra B. Shah and Mr. Vipul P. Shah is concerned or interested in this resolution.

By Order of the Board of Directors

Place : Mumbai
Date : 14th August, 2012

Pravinchandra. B. Shah
Chairman

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

**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, 2012.

Financial highlights:

(Rupees in Lacs)

Particulars	Year ended 31 st March, 2012	Year ended 31 st March, 2011
Total revenue	2891.34	3307.88
Less: Expenditure except Finance Cost and Depreciation	2736.78	3106.39
Profit before Finance Cost, Depreciation & Tax	154.56	201.50
Less: Finance Cost	46.59	40.00
Less: Depreciation	26.84	22.91
Profit before tax	81.13	138.59
Less: Provision for Tax	25.92	42.23
Profit after Tax	55.21	96.36
Balance brought forward from previous year	252.42	207.21
Profit available for appropriation	307.63	303.57
Tax Adjustments	10.44	0.45
Proposed Dividend	43.80	43.48
Tax on Dividend	7.12	7.22
Surplus carried to Balance Sheet	246.28	252.42

Operations:

The Company could earn revenue from operations of Rs. 2,885.35 Lacs during the year as compared to Rs. 3,298.32 Lacs during the previous year. The Profit before tax has been reduced to Rs. 81.13 Lacs from Rs. 138.59 Lacs in the previous year. After considering the provision for taxation of Rs. 25.92 Lacs (previous year Rs. 42.23 Lacs), your Company could achieve a net profit of Rs. 55.21 Lacs during the year (previous year Rs. 96.36 Lacs).

Dividend:

Due to unfavourable market conditions during the year under review, the Company could make a net profit of Rs. 55.21 lacs only. In these conditions, your Directors recommend the payment of dividend @ Re. 0.80 (8%) [previous year Re. 0.80 (8%)] for the financial year ended 31st March, 2012. The dividend on Equity shares, if approved by the members, would involve an outflow of Rs. 43.80 Lacs towards dividend and Rs. 7.11 Lacs towards dividend tax, resulting in a total outgo of Rs. 50.91 Lacs

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:

During the year under review, Dr. S. N. Sahai was re-appointed as Whole Time Director of the Company for a period from 15th December, 2011 to 30th June, 2012 and again for a period from 1st July, 2012 to 31st March, 2013, subject to approval of the members.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Prasannakumar Gawde and Mr. Jagdeep Mehta, Directors of the Company retire by rotation at the ensuing



Annual General Meeting and being eligible, have offered themselves for re-appointment.

Your Directors recommend the re-appointment of Mr. Prasannakumar Gawde and Mr. Jagdeep Mehta as Directors and Dr. S. N. Sahai as Whole time Director of the Company.

Brief resume of the Directors proposed to be re-appointed as stipulated under clause 49 of the Listing Agreement entered into with BSE Limited are given in the Notice convening the Annual General Meeting.

Change in Share Capital of the Company

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. Further, on 22nd February, 2012, the Company issued and allotted 40,000 Equity Shares of Rs.10/- each upon conversion of 40,000 Warrants issued on preferential basis.

Remaining 10,85,000 Warrants issued to the Promoter group and others stand cancelled and accordingly application money amounting to Rs. 54,25,000/-, being 25% of issue price received upon issue of Warrants, stands forfeited and transferred to Capital Reserve.

Based on the above changes, the issued, subscribed & paid up Capital of the Company has increased to Rs. 5,47,45,000/- divided into 54,74,500 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 non payment of dividend distribution tax of Rs. 12.88 Lacs, 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 your Company hold such office till the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and their re-appointment, if made, 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, Mumbai, 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 and to audit financial accounts for the financial year ending 31st March, 2013.

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 as on 31st March, 2012 and of the profit of the Company for the period ended on that date;
- 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.

**Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange:**

As required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo for the year under review are annexed to this report and marked as “**Annexure A**”.

Subsidiary Company and Consolidated Financial Statements :

Shree Ambika Naturals Private Limited is a subsidiary of the Company which is engaged in the business of manufacturing and trading of natural Chemicals, Colors, Organic and Inorganic Dye stuff.

A statement containing brief financial details of the Company's subsidiary for the period ended 31st March, 2012 is included in the Annual Report and marked as “**Annexure B**”.

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated 8th February, 2011 have granted general exemption from attaching the Balance Sheet of subsidiary company with the holding Company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing Consolidated Financial Statements in the Annual Report, hence the Balance Sheet of subsidiary company is not attached with the Company's Balance Sheet.

The annual accounts of the above referred subsidiary company and the related detailed information shall be made available to the share holders of the Company and the subsidiary company on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary company during the office hours on all working days and during the Annual General Meeting and also on the Company's website i.e. www.vipuldyes.com.

Corporate Governance Report:

Pursuant to Clause 49 of the Listing Agreement with BSE Limited, the following have been made a part of the Annual Report and are attached to this report:

- Management Discussion and Analysis Report
- Corporate Governance Report
- Auditors' certificate regarding compliance of conditions of Corporate Governance

Particulars of Employees under Section 217(2A) of the Companies Act, 1956

During the year under review, no employee was in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended. Hence your directors have nothing to report in this regard.

Acknowledgements:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Financial Institution, Banks, Government Authorities, Vendors and Shareholders and all organizations connected with its business during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of executives, staff and workers of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date : 14th August, 2012

Pravinchandra B. Shah
Chairman