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Annual Report



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. Arvind J. Patel Director
Mr. Jagdeep Mehta Director
Mr. Prasannakumar B. Gawde 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
Tel. No.: 022 – 66139999
Fax No.: 022 – 66139977 / 75
Email ID : info@vipuldyes.com

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, Ambernath (West),
Dist. Thane - 421501

Registrar & Share Transfer Agents : Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai - 400072
Tel. No.: 022 – 40430294
Fax No.: 022 – 28475207
Email ID: shraddha@bigshareonline.com



NOTICE

Notice is hereby given that the next Annual General Meeting of the members of **VIPUL DYECHAM LIMITED** will be held on Friday, the 27th day of September, 2013 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, 2013 and the 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, 2013.
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 J. 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, Mumbai (having FRN:108331W) as Statutory Auditors of the Company to hold office from the conclusion of 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 and 311 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 of one year with effect from 1st April, 2013 till 31st March, 2014 on the following terms and conditions be and is hereby approved:
 1. Terms of re-appointment: w.e.f. 1st April, 2013 till 31st March, 2014.
 2. Remuneration payable:
 - (A) Salary: ₹ 42,500/- (Rupees Forty Two Thousand Five Hundred only) 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 expenses incurred by Whole Time Director 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 as Whole Time Director, 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 a **Special Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 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 w.e.f 1st October, 2012 for the remaining period of his tenure be and is hereby approved as follows:
 1. Remuneration payable:
 - (A) Salary: ₹ 2,50,000/- (Rupees Two Lakhs 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, Provident Fund; and
 - g) Superannuation Scheme, benefits of Gratuity, earned leave and encashment of leave as per rules of the Company.
2. Car for use on 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 service of Mr. Vipul P. Shah as Managing Director, 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 authorised to do all such acts, deeds, matters and things as may be required from time to time in this regard."

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 and 311 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 Mr. Vipul P. Shah as Managing Director of the Company for a further period of three years w.e.f 15th July, 2013 till 14th July, 2016 on the following terms and conditions be and is hereby approved:

1. Remuneration payable:

(A) Salary: ₹ 2,50,000/- (Rupees Two Lakhs 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, Provident Fund; and
 - g) Superannuation Scheme, benefits of Gratuity, earned leave and encashment of leave as per rules of the Company.
2. Car for use on 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 service of Mr. Vipul P. Shah as Managing Director, 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 authorised to do all such acts, deeds, matters and things as may be required from time to time in this regard."

By Order of the Board of Directors

Place : Mumbai
Date : 30th May, 2013

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 AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON POLL ONLY. A 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, 25th September, 2013 to Friday, 27th September, 2013 (both days inclusive) for determining the names of members eligible for payment of 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 7th October, 2013 and 10th October, 2013 to those members whose names shall appear on the Company's Register of Members on 27th September, 2013; 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 National Electronic Clearing Service (NECS) facility wherever possible for dividend payment to the shareholders. In view of this stipulation, the Company proposes to implement the NECS facility. Members who wish to avail the NECS facility may provide the Company with ECS mandate for crediting the future dividend payments 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 NECS mandates, etc. to the Registrar and Share Transfer Agents – Bigshare Services Private Limited, Unit : Vipul Dyechem 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 (IEPF) 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 immediately 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.
11. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card etc., having photo identity) while attending the meeting.

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

Mr. Vipul P. Shah, 47 years, is a Chemical Engineer having more than 25 years of experience in chemical dye stuff and pharmaceutical industry. He is also a Director in Jayapriya Chemical Industries Limited, Shri Ambika Naturals Private Limited and VIP Chem Private Limited. He is member of the Audit Committee and Shareholders'/Investors' Grievance Committee of the Company.

As on 31st March, 2013, he holds 726,100 Equity shares in the Company.

Dr. S. N. Sahai, 68 years, is Ph. D. in Technology process and having more than 33 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, 2013, he does not hold any Equity shares in the Company.



Mr. Pravinchandra B. Shah, a promoter Director and Chairman of the Company, is a Science Graduate, having 46 years of experience in the Dyestuff and Chemical Business. He is also director in Vipchem Private Limited, Jayapriya Chemical Industries Limited, Standardcon Private Limited and Sudoku Commercial Services Private Limited. He is also Chairman of the Shareholders'/Investors' Grievance Committee of the Company.

As on 31st March, 2013, he holds 2,47,100 equity shares of the Company.

Mr. Arvind J. Patel is a science graduate having more than 46 years of experience in the line of business of the Company. He does not hold any equity share of the Company.

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

Item No. 6

As the tenure of Dr. S. N. Sahai, Whole time Director of the Company expired on 31st March, 2013. Considering his long association with the Company and vast experience and as recommend by Remuneration Committee the Board of Directors of the Company at their meeting held on 22nd March, 2013 re-appointed him for a further period of one year from 1st April, 2013 to 31st March, 2014 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.

Your Board of Directors recommends passing of the Ordinary Resolution as set out at Item No. 6 of the Notice.

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

Item Nos. 7 & 8

Mr. Vipul P. Shah is promoter and is associated with the Company since more than two decades. Mr. Vipul P. Shah being Managing Director of the Company shoulders a huge responsibility. Considering his experience, knowledge and contribution made in the growth of the Company and as recommended by Remuneration Committee, the Board of Directors in their meeting held on 10th January, 2013, revised the remuneration payable to him for remaining period of his tenure w.e.f. 1st October, 2012 on the terms and conditions specified in Item No. 7 of the notice.

The terms of appointment of Mr. Vipul P. Shah is expiring on 14th July, 2013. Considering his experience, knowledge and contribution made in the growth of the Company and as recommended by the Remuneration Committee, the Board of Directors in their meeting held on 30th May, 2013 re-appointed him for a further period of three years w.e.f. 15th July, 2013 till 14th July, 2016 on the remuneration and terms and conditions as detailed in the resolution as set out in Item No. 8 of the Notice, subject to the 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 : ₹ 1.15/Return on networth : 5.03%
(5)	Export performance and net foreign exchange collaborations	Export ₹ 3027.15 Lacs.
(6)	Foreign investments or collaborators, if any	Nil



II. Information about the appointee		
(1)	Background details	Mr. Vipul P. Shah aged 47 years is a chemical engineer having more than 25 years of 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 of the Company.
(2)	Past Remuneration	₹ 1,50,000/- per month as Managing Director since 1 st October, 2011.
(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	₹ 2,50,000/- p.m.
(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. Pravinchandra B. Shah, Chairman and Promoter of the Company.
III. Other information		
(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 increase in revenue and profit margin in coming years.

Your Board of Directors recommends passing of the Special Resolutions as set out at Item Nos. 7 and 8 of the notice.

Except Mr. Pravinchandra B. Shah and Mr. Vipul P. Shah, none of the other directors of the Company are concerned or interested in these resolutions.

By Order of the Board of Directors

Place : Mumbai
Date : 30th May, 2013

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, 2013.

Financial highlights:**(₹ in Lacs)**

Particulars	For the Year ended 31 st March, 2013	For the Year ended 31 st March, 2012
Total revenue	3429.71	2891.34
Less: Expenditure except Finance Cost and Depreciation	3259.77	2736.78
Profit before Finance Cost, Depreciation & Tax	169.94	154.56
Less: Finance Cost	48.00	46.59
Less: Depreciation	32.48	26.84
Profit before tax	89.46	81.13
Less: Provision for Tax	26.58	25.92
Profit after Tax	62.88	55.21
Balance brought forward from previous year	246.28	252.42
Profit available for appropriation	309.16	307.63
Tax Adjustments	2.01	10.44
Proposed Dividend	43.80	43.80
Tax on Dividend	8.11	7.12
Surplus carried to Balance Sheet	255.24	246.28

Operations:

The Company earned revenue from operations of ₹ 3424.83 Lacs during the year as compared to ₹ 2,885.35 Lacs during the previous year. The Profit before tax has been increased to ₹ 89.46 Lacs from ₹ 81.13 Lacs in the previous year. After considering the provision for taxation of ₹ 26.58 Lacs (previous year ₹ 25.92 Lacs), your Company could achieve a net profit of ₹ 62.88 Lacs during the year (previous year ₹ 55.21 Lacs).

Dividend:

Considering the financial performance of the Company, your Directors recommend the payment of dividend @ ₹ 0.80 (8%) [previous year ₹ 0.80 (8%)] for the financial year ended 31st March, 2013. The dividend on Equity shares, if approved by the members, would involve an outflow of ₹ 43.80 Lacs towards dividend and ₹ 8.11 Lacs towards dividend tax, resulting in a total outgo of ₹ 51.91 Lacs.

Public Deposits:

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

Directors:

During the year under review, Dr. S. N. Sahai was re-appointed as Whole Time Director of the Company for a period of 1 year from 1st April, 2013 to 31st March, 2014, subject to approval of the members. Further, Mr. Vipul P. Shah was re-appointed as Managing Director of the Company for a period of 3 years from 15th July, 2013 to 14th July, 2016 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. Pravinchandra B. Shah and Mr. Arvind J. Patel, 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. Pravinchandra B. Shah and Mr. Arvind J. Patel as Directors, Dr. S. N. Sahai as Whole time Director and Mr. Vipul P. Shah as Managing Director of the Company.

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

Auditors:

- M/s J. A. Rajani & Co., Chartered Accountants, Mumbai (FRN:108331W), the Statutory Auditors of your Company hold the office till the conclusion of ensuing Annual General Meeting and are being eligible, have offered themselves 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 their re-appointment 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 of the Company for the financial year 2013-14.

Auditors' Report

With regard to observation 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. 19.99 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.

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 departure 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, 2013 and of the profits 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; and
- 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, Colours and Organic and Inorganic Dye stuff.

A statement containing brief financial details of the Company's subsidiary for the year ended 31st March, 2013 is annexed to this 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 shareholders 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:

Pursuant to Clause 49 of the Listing Agreement entered with the BSE limited, the following have been made 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 limit 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.

Acknowledgement:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Vendors and Shareholders and all others connected with the Company 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 : 30th May, 2013

Pravinchandra B. Shah
Chairman