



**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 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 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
- 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 28<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 15<sup>th</sup> December, 2011 till 30<sup>th</sup> June, 2012 on the following terms and conditions be and is hereby approved:
  - I. Terms of re-appointment: W.e.f. 15<sup>th</sup> December, 2011 till 30<sup>th</sup> 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 1<sup>st</sup> July, 2012 till 31<sup>st</sup> March, 2013 on the following terms and conditions be and is hereby approved:
  - I. Terms of re-appointment: W.e.f. 1<sup>st</sup> July, 2012 till 31<sup>st</sup> 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 1<sup>st</sup> 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 : 14<sup>th</sup> 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, 26<sup>th</sup> September, 2012 to Friday, 28<sup>th</sup> 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 8<sup>th</sup> October, 2012 and 10<sup>th</sup> October, 2012 to those members whose names shall appear on the Company's Register of Members on 28<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 8<sup>th</sup> November, 2011 re-appointed Dr. S. N. Sahai as Whole-Time Director of the Company for a further period from 15<sup>th</sup> December, 2011 till 30<sup>th</sup> June, 2012. As the tenure of Dr. S. N. Sahai as the Whole Time Director of the Company expired on 30<sup>th</sup> June, 2012, the Board of Directors in their meeting held on 30<sup>th</sup> May, 2012 again re-appointed him for a further period from 1<sup>st</sup> July, 2012 to 31<sup>st</sup> 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 15<sup>th</sup> July, 2010 for a period of three years.

The Board of Directors at their meeting held on 8<sup>th</sup> 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. 1<sup>st</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>st</sup> 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 : 14<sup>th</sup> 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 31<sup>st</sup> March, 2012.

**Financial highlights:**

(Rupees in Lacs)

Particulars	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> 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 31<sup>st</sup> 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 15<sup>th</sup> December, 2011 to 30<sup>th</sup> June, 2012 and again for a period from 1<sup>st</sup> July, 2012 to 31<sup>st</sup> 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 23<sup>rd</sup> 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 31<sup>st</sup> 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 22<sup>nd</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 8<sup>th</sup> 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](http://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 : 14<sup>th</sup> August, 2012

**Pravinchandra B. Shah**  
**Chairman**

**ANNEXTURE A TO THE DIRECTORS' REPORT**

ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2012:

**A. CONSERVATION OF ENERGY:**

The Company is conscious about the energy conservation and has kept constant supervision so as to avoid any leakage, stripping, etc. The power meters are also regularly checked. However, the management, wherever possible, shall try to replace machinery which is found defective by upto date innovated machinery, even generating sets are provided and the Company started using diesel oil since last 7 years.

**FORM – A**

<b>PARTICULARS</b>	<b>2011-2012</b>	<b>2010-2011</b>
<b>A. POWER AND FUEL CONSUMPTION:</b>		
(i) ELECTRICITY		
(a) Purchased units (KWH)	2,03,231	2,18,925
(b) Total Amount (Rs.)	15,14,900	14,00,119
(c) Rate per unit (Rs.)	7.45	6.40
(ii) FUEL OIL (DIESEL)		
(a) Qty – units (LTR)	72,663	1,00,900
(b) Total Amount (Rs.)	27,13,982	26,99,749
(c) Average Rate (Rs.)	37.35	26.76
(iii) OTHERS / INTERNAL GENERATION	NIL	NIL
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
Products: Dye intermediates		
(a) Electricity (KWH/KG.)	0.66	1.00
(b) Fuel Oil (LTRS./KG.)	0.24	0.46

**B. TECHNOLOGY ABSORPTION AND ADAPTATION:**

The Company has not acquired any foreign technology so far as the technical know-how is concerned. The technology for the Company's activities is available easily in India. The question of absorption and adaptation does not arise.

**C. RESEARCH AND DEVELOPMENT**

The Company has no separate division as such of carrying out Research and Development since the Company has been using so far the standardized methods of manufacturing Dyes and Chemicals. However, a small laboratory is in function for quality control. The Company has therefore not spent any expenditure on Research and Development during the year under review.

**D. FOREIGN EXCHANGE INFLOW / OUTGO:**

(Rs. in Lacs)

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
Foreign Exchange earned	2,889.62	2,928.23
Foreign Exchange used	287.41	346.25

**ANNEXURE B TO THE DIRECTORS' REPORT**

Information as required under General Circular No. 2/2011 No. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Company for the year ended 31<sup>st</sup> March, 2012 under Section 212 of the Companies Act, 1956:

(Rs. in Lacs)

<b>Particulars</b>	<b>Shree Ambika Naturals Pvt. Ltd.</b>
Share Capital	4.55
Reserves	(7.25)
Total Assets	79.70
Total Liabilities	82.40
Investments (Except in Subsidiary Companies)	-
Turnover	20.43
Profit/(Loss) before Taxation	(11.46)
Provision for Taxation	2.97
Profit/(Loss) after Taxation	(8.49)
Proposed dividend	-



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industrial Scenario:

Presently India, China, Korea, Taiwan and Indonesia are the main producers for the Dyestuffs and Pigments. The manufacturers of Europe and USA have almost shifted the production base to these Asian Countries. The main reason for this is the low cost of production and ample manpower within Asian Countries.

Dyestuff Industry is mainly depends on the Textile Industry and in fiscal 2012-13, Textile Ministry is confident to achieve the export target of USD 40 Billion inspite of slow down of demand and presently most of the Asian Countries are encouraging their textile business which used to be their core business once upon a time. Lots of incentives have been provided to the Textile Industries in India and other countries and presently all these textiles are being exported to Europe, USA and other Western Countries. So, definitely with the improved textile industry, Dyestuff Industry is bound to grow.

Dyestuff Industry has gone into a tremendous change during last ten years as manufacturing activities in European countries have been stopped due to the environmental and pollution problems. Today, the global market of dyestuffs, pigments and intermediates is around USD 31.50 Billion with dyestuffs and pigments market is approximately around USD 21.65 Billion and the intermediates is about USD 9.85 Billion. India's share in the global market is about 8 to 9%.

Today India is the second largest producer of Dyestuff after China. Though the Chinese products are very cheap and economical, Indian products are always preferred because of the consistent quality and timely delivery. To this effect now in China also the cost of production is increasing and hence the price difference between Indian products and the Chinese products has reduced. So, definitely in the very near future the price difference between Indian products and the Chinese products would no longer exist.

China –to lose competitive advantage:

The biggest competition for our industry is from China. Presently Chinese pigments manufacturers are more economical because of economies of large scale. But following table will explain why China is going to lose its competitive advantage vis a vis India:-

	China	India
Subsidies	Chinese Govt. is gradually reducing the subsidies granted.	In India, for exports no subsidies exist. Duty drawback is the only incentive available to exporters which works out to and even if withdrawn will have just 1% just 1% insignificant impact.
Energy Cost	Energy cost which was almost zero earlier, is now becoming expensive.	Energy cost in India is at peak now. Govt. of India is taking number of initiatives to generate and supply uninterrupted power without any further increase in cost
Labour Cost	Labour is getting more expensive in China.	Labour is still very cost effective. Besides normal 10% to 12% increase p.a. there is no further addition to cost.
Stringent pollution control norms	Earlier there were no specific norms to follow. But, nowadays every factory in China has to fulfil certain basic requirements in relation to pollution control.	In India, in general and specifically in the states of Maharashtra and Gujarat where there is concentration of Chemical Industries, there are already strict Pollution control norms to be followed. In many industrial areas common effluent treatment plants have come up where effluent treatment is done at very nominal cost. Hence, no threat from Pollution Control norms.



Apart from these, if you are exporter manufacturer than the charges like Excise, Sales Tax does not form part of Cost of Sales. With the GST rollout in sight further simplification of tax laws is expected.

Considering all the above factors in coming 2 to 3 years, Chinese prices of pigments will be at par with that of Indian manufacturers of pigments. Indian manufacturers have got a great opportunity on hand to capture the market presently controlled by Chinese, the process of which has already started. Two years back, it was almost impossible to export organic pigments out of India. But slowly and steadily Indian organic pigments manufacturer have started creating market for their own products worldwide.

Domestic demand push :-

Indian GDP is expected to grow @ 7.5% for the fiscal 2012-2013. Indian government. is planning to spend more than Rs. 1 trillion on Infrastructure development in next 10 years. Therefore, there is a growth in all infrastructural related industries. New roads are being laid out, huge townships have been planned and constructed across India in 4 metros as well as tier 2 and other medium size cities. Demand for plastic is increasing day by day,. Textile Industries are doing better, Indian exports of textiles especially home furnishing to Europe and USA are increasing. With all these end-user industries doing well, demand for pigments is going to increase manifold in the years to come. As a result, there is wide scope for growth of pigment in ink industry in India.

## **2. Outlook:**

In view of the above circumstances, it is expected that the Dyestuff Industry will continue to grow once conditions improve.

## **3. Risk factors & threats:**

Risk involved in economics and working of industries are greatly influenced by the various policies fabricated by the Central and State Governments. If the policies of any nature are framed with utmost transparencies and in frequent intervals, coupled with a definite all time performance on the part of management, growth and development of industries is certain. Flexibility on the managerial behaviour with flexibility on the needs of the customers is also taken as an important factor.

## **4. Utilization of the Products :**

It is always dangerous if the products manufactured by the Company utilized only by a specific industry. In view of this, the management always tries to have multiple products having end use in multiple industries. Accordingly, the products manufactured by the Company have been utilized successfully in the following industries:

### **a) Textile Dyeing and Printing:**

As mentioned above, with a growing textile industry, the management is sure to have substantial growth by utilization of the concerned products within the textile industry.

### **b) Paint and Printing Ink:**

The Company is producing Pigments since last four years. Pigments are utilized widely for Paint and Printing Ink industries. With the increase of application related to printing such as Media, Newspapers, etc., there are huge possibilities for the sale of this product within the Printing Ink Industry and with the growing infrastructure, construction, automobile industry; the Paint Industry & Rubber Industry is also doing well, wherein the Company is selling its products.

## **5. Opportunities:**

In recent times, we have increased the Customer base. Besides exporting to developed countries, such as USA, EEC, JAPAN, we are exporting even to the remote places like Guatemala, Uruguay and Vietnam. Exports to Latin American Countries such as Brazil, Argentina, Colombia, Chile and Peru have also increased. Profitability is much more in the exports to these countries compared to highly competitive European & other far East Asian Market. The customer base has been very broadly increased so that the momentum can be continued.

Distributors' & Dealers' Network has been established in certain areas within India to develop the domestic sales. Agents have been appointed in Indore, New Delhi, Nagpur, Hyderabad etc. and slowly this network shall be expanded, The Company has also acquired an industrial land at Tarapur wherein the manufacturing activity of the Pigments shall be expanded by nearly four-fold.



Natural / Herbal Extracts:- Shree Ambika Naturals Pvt. Ltd., a subsidiary of Vipul Dyechem Ltd., with the intension of diversify from the traditional Dyes and Pigment Business and considering the growth in the food, Pharmaceuticals and Cosmetic industries, has started producing successfully Herbal Extracts Phyto Chemicals and Natural colours at Ahmednagar (Maharashtra) and exported to developed market like USA, Europe & Latin America.

**6. Internal Control and its adequacy:**

Management team available especially for the Company's production activities is so very highly experienced, that at every stage of production from availability of quality materials till the outcome of production as per ISO 9001:2008, they provide their expertise to such an extent that the Company's products have achieved their due importance in the local and international markets.

Systems of internal controls adopted by the Management Team is adequate to ensure that all the assets are guarded and protected against loss from unauthorized and unethical use of such assets. Whenever the assets are disposed off, the transaction cannot go without authorization.

**7. Discussion on financial performance with respect to operational performance:**

The Company earned 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).

**8. Human Resource Management:**

The Company provides necessary training to all its employees and equip them to manage critical business process to face the challenge of competitive global market. As on 31<sup>st</sup> March, 2012, the Company had total 28 (previous year 29) employees.

**9. Cautionary Statement:**

Any statement made in this Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be a forward-looking within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that might make the difference to the Company's operations include availability of materials and prices, cyclical demand and pricing in the Company's principal markets, changes in the Government regulations, taxation and commitments for market development in India and abroad.





## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organization most effectively.

The Company's philosophy on Corporate Governance is aimed at strengthening the confidence of the shareholders in the Company and building a long term relationship of trust with them by maintaining transparency and periodical disclosures. The Company believes in maintaining high standards of quality and ethical conduct in its operations.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. The Board has a Non-Executive Non-Independent Chairman and five other directors. Out of these, two directors are Executive Directors and three are Non - Executive Independent Directors. The Company complies with the revised norms for Independent Directors.

#### b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairmen of other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents are circulated well in advance of the meeting.

Matters discussed at Board meetings generally relate to Company's business operations, quarterly results of the Company, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

#### c) Attendance at Meetings

During the year under review, the Board of Directors met 5 (five) times on 30<sup>th</sup> May, 2011, 5<sup>th</sup> August, 2011, 8<sup>th</sup> November, 2011, 10<sup>th</sup> February, 2012 and 22<sup>nd</sup> February, 2012. As stipulated, the gap between two meetings did not exceeded four calendar months.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2011-12 and at the last Annual General Meeting, their directorships in other Companies and membership / chairmanship in committees are as follows:

Director	Category	No. of Board Meetings Attended		Attendance at last AGM held on 30 <sup>th</sup> September 2011	No. of directorship held in other public companies	Committee Position in other companies	
		Held	Attended			Member	Chairman
Shri Pravinchandra B. Shah	Promoter/ Chairman / Non Executive	5	5	Present	1	-	-
Shri Vipul P. Shah	Promoter/ Managing Director	5	5	Present	1	-	-
Dr. S. N. Sahai	Whole Time Director	5	4	Absent	1	-	-
Shri Arvind Patel	Non Executive / Independent Director	5	-	Absent	-	-	-
Shri Jagdeep Mehta	Non Executive / Independent Director	5	5	Present	-	-	-
Shri Prasannakumar Gawde	Non Executive / Independent Director	5	5	Present	2	2	2

#### Note :

1. Directorships in respect of private limited companies, Section 25 companies and foreign companies have not been included.



2. Position in Audit Committee and Shareholders' Grievance Committee are considered for the purpose.
3. None of the directors hold directorships in more than 15 public limited companies, membership in more than 10 committees and chairmanship in more than 5 committees.

#### 4. BOARD COMMITTEES

##### a. Audit Committee

The Committee comprises of two independent and one executive director having financial background and knowledge in the areas of business of the Company. The Committee comprises of Shri Prasannakumar Gawde (Chairman of the Committee), Shri Jagdeep Mehta and Shri Vipul P. Shah.

During the year under review, 4 (four) meetings of the Audit Committee were held on 30<sup>th</sup> May, 2011, 5<sup>th</sup> August, 2011, 8<sup>th</sup> November, 2011 and 10<sup>th</sup> February, 2012.

The number of meetings attended by each member during the year ended 31<sup>st</sup> March, 2012 is as under:

Name of the Member	Designation	No. of Meetings	
		Held	Attended
Shri Prasannakumar Gawde	Chairman	4	4
Shri Jagdeep Mehta	Member	4	4
Shri Vipul P. Shah	Member	4	4

The terms of reference of the Committee are wide. The members have access to all the required information from the Company. The brief descriptions of terms of reference are as follows:

- ◆ Reviewing the performance of the Company as reflected in the financial statements, as also compliance with accounting policies and practices, regulatory requirements concerning the said financial statements.
- ◆ Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ◆ Recommending the appointment/removal of statutory auditors, fixation of audit fees and also approval of payments for any other services.
- ◆ Review with management the quarterly/half yearly and annual financial statements with the primary focus on accounting policies and practices, compliances with accounting standards and with the stock exchange and legal requirements concerning the financial statements.
- ◆ Reviewing with management, Statutory and internal auditors adequacy of the internal control systems in the Company.
- ◆ Discussing with internal and statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- ◆ Reviewing the Company's financial and risk management policies.

The Compliance Officer acted as Secretary of the Committee.

##### B. Shareholders' / Investors' Grievance Committee

During the year under review, the Shareholders'/Investors' Grievance Committee met 4 (four) times on 30<sup>th</sup> May, 2011, 5<sup>th</sup> August, 2011, 8<sup>th</sup> November, 2011 and 10<sup>th</sup> February, 2012.

The Compliance Officer acted as secretary of the Shareholders'/Investors' Grievance Committee.

The composition of the committee is as under:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Shri Pravinchandra B. Shah	Chairman	4	4
Dr. S. N. Sahai	Member	4	3
Shri Vipul P. Shah	Member	4	4



The Committee meets as and when required, to deal with the matters relating to transfer/ transmission of shares and monitors redressal of complaints from shareholders relating to transfer, non receipt of balance sheet, dematerialization of shares etc.

During the year under review, 2 complaints were received from the shareholders and all the complaints were replied/ resolved to the satisfaction of the shareholders as on 31<sup>st</sup> March, 2012 and no complaint was pending at the end of the year.

The Compliance Officer acted as Secretary of the Committee.

### C. Remuneration Committee

During the year under review, the Remuneration Grievance Committee met twice on 30<sup>th</sup> May, 2011 and 8<sup>th</sup> November, 2011.

The composition of the Committee is as under:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Shri Prasannakumar Gawde	Chairman	2	2
Shri Arvind Patel	Member	2	-
Shri Jagdeep Mehta	Member	2	2

The Compliance Officer acted as Secretary of the Committee.

The details of remuneration paid to the directors during the year ended 31<sup>st</sup> March, 2012 and their shareholding is as follows:

(Amount in Rs.)

Name of the Directors	Salary & Perquisites	Performance Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares held
Shri Pravinchandra B. Shah	-	-	-	-	-	2,47,100
Shri Vipul P. Shah	15,00,000	-	-	-	15,00,000	7,26,100
Dr. S. N. Sahai	4,42,000	-	-	-	4,42,000	-
Shri Arvind Patel	-	-	-	-	-	-
Shri Jagdeep Mehta	-	-	-	-	-	-
Shri Prasannakumar Gawde	-	-	-	-	-	-

Presently the Company does not have any scheme to grant stock options either to the Whole-time directors or employees.

No remuneration is paid to non-executive directors.

#### Name and designation of Compliance officer:

Dr. S. N. Sahai – Whole time Director

### 5. GENERAL BODY MEETINGS

Details of location, date and time where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue
2010 – 11	30 <sup>th</sup> September, 2011	3.30 P.M.	Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai – 400 058.
2009 - 10	30 <sup>th</sup> September, 2010	9.30 A.M.	
2008 - 09	25 <sup>th</sup> September, 2009	2.30 P.M.	

**Special Resolutions passed in last 3 Annual / Extra Ordinary General Meetings:**

<b>Date of A.G.M. / E.O.G.M.</b>	<b>Particulars of Special Resolution</b>
30 <sup>th</sup> September, 2011	Special Resolution was passed for alteration of Articles of Association of the Company.
30 <sup>th</sup> September, 2010	No special resolution was passed.
25 <sup>th</sup> September, 2009	No special resolution was passed.

No Special Resolution was proposed through Postal Ballot during the financial year 2011-12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

**6. DISCLOSURES****a) Related party transactions:**

During the year under review, besides the transactions reported in Notes to Accounts to the Balance Sheet as at 31<sup>st</sup> March, 2012, there were no other related party transactions with its promoters, directors and management that had a potential conflict of interest of the Company at large.

**b) Code of Conduct:**

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All Board members have affirmed their compliance with the Code of Conduct. A declaration by the Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on 31<sup>st</sup> March, 2012 by the members of the Board, as applicable to them, is also annexed separately in this Annual Report.

**c) Compliance by the Company**

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital market during the last three years. The Stock Exchanges, SEBI or any statutory authority on any matter relating to capital markets imposed no penalties or strictures on the Company.

**d) Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent possible.

**e) Disclosures of Risk Management**

The Board discussed the risk assessment procedure and the same has been laid before the Board from time to time.

**f) CEO / CFO Certification**

A certification in the terms of Clause 49(v) of the Listing Agreement from Shri Vipul P. Shah, Managing Director of the Company, in respect of financial year ended 31<sup>st</sup> March, 2012 was placed before the Board.

**g) Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**h) Whistler Blower Policy**

The Company has not adopted any formal Whistler Blower Policy. However, the Company has not denied access to any personnel to approach the Audit Committee.



**i) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause.**

Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant sections of this report.

**7. MEANS OF COMMUNICATION**

- a) At present half yearly report on accounts is not being sent to each household of shareholders.
- b) The quarterly, half-yearly and full year results are published in Business Standard and Apana Mahanayak.
- c) At present, the Company has not made presentation to Institutional Investors and Analysts.
- d) The Company has its own website [www.vipuldyes.com](http://www.vipuldyes.com).
- e) The Management Discussion and Analysis is given separately in this Annual Report.

**8. GENERAL INFORMATION FOR SHAREHOLDERS**

**a) Annual General Meeting :**

Time : 3.30 p.m.  
Date : 28<sup>th</sup> September, 2012  
Venue : Hotel Karl Residency,  
36, Lalubhai Park Road,  
Andheri (West),  
Mumbai - 400 058

**b) Financial Calendar: (2012-2013):**

Result for the quarter ending 30<sup>th</sup> June, 2012 – by 14<sup>th</sup> August, 2012  
Result for the quarter ending 30<sup>th</sup> September, 2012 – by 14<sup>th</sup> November, 2012  
Result for the quarter ending 31<sup>st</sup> December, 2012 – by 14<sup>th</sup> February, 2013  
Audited Result for the year ending 31<sup>st</sup> March, 2013 – by 30<sup>th</sup> May, 2013.

**c) Date of Book Closure** : 26<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012  
(both days inclusive)

**d) Dividend Payment Date** : Credit/ Dispatch between 8<sup>th</sup> October, 2012 to 10<sup>th</sup> October, 2012

**e) Listing on Stock Exchanges** : BSE Limited  
The Ahmedabad Stock Exchange Limited\*  
The Delhi Stock Exchange Association\*  
\* Applied for de-listing.

The Company has paid the necessary listing fees of the BSE Limited for the year 2012–2013.

**f) Stock Code** : BSE: 530627

**g) ISIN for NSDL & CDSL** : INE 834D01018

h) **Market Price Data & comparison with BSE Sensex :**

The monthly high and low quotations of shares traded on the BSE Limited and BSE Sensex during each month in last financial year are as follows:

Month	Company's Share price at BSE*		BSE Sensex*	
	High (Rs.)	Low (Rs.)	High	Low
April, 2011	25.35	19.25	19,811.14	18976.19
May, 2011	22.70	18.75	19,253.87	17,786.13
June, 2011	22.70	17.00	18,873.39	17,314.38
July, 2011	30.70	19.70	19,131.70	18,131.86
August, 2011	28.15	20.00	18,440.07	15,765.53
September, 2011	23.60	19.30	17,211.80	15,801.01
October, 2011	21.90	17.00	17,908.13	15,745.43
November, 2011	20.50	14.40	17,702.26	15,478.69
December, 2011	15.95	12.20	17,003.71	15,135.86
January, 2012	16.00	12.60	17,258.97	15,358.02
February, 2012	19.00	14.15	18,523.78	17,061.55
March, 2012	17.00	13.30	18,040.69	16,920.61

\* Source: www.bseindia.com

j) **Share Transfer System :**

All shares sent for transfer in physical form are registered by the Company's Registrar and Share Transfer Agents within a maximum period of 30 days of the lodgment, except in some cases, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are promptly processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL) within 21 days.

k) **Shareholding pattern as at 31<sup>st</sup> March, 2012:**

Sr. No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	29,46,600	53.82
2.	Mutual Funds/UTI	71,100	1.30
3.	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	-	-
6.	Bodies Corporate	5,74,559	10.50
7.	Individuals < Rs. 1 Lac > Rs. 1 Lac	10,03,779 8,42,812	18.33 15.40
8.	Clearing Member	-	-
9.	NRI/OCBs	35,650	0.65
10.	Trust	-	-
11.	Foreign Corporate Bodies	-	-
	<b>TOTAL</b>	<b>54,74,500</b>	<b>100.00</b>

l) The Distribution of Shareholding as on 31<sup>st</sup> March, 2012:

Slab of Shares Holding		Share Holders	Percentage (%)	Amount (Rs.)	Percentage (%)
From	To				
1	500	2638	87.24	4151580	7.58
501	1000	169	5.59	1454700	2.65
1001	2000	76	2.51	1229370	2.25
2001	3000	33	1.09	886220	1.62
3001	4000	23	0.76	817970	1.49
4001	5000	11	0.36	514590	0.94
5001	10000	32	1.06	2351670	4.30
10001	and above	42	1.39	43338900	79.17
<b>TOTAL</b>		<b>3024</b>	<b>100</b>	<b>54745000</b>	<b>100</b>

## l) Dematerialization of shares and liquidity:

As on 31<sup>st</sup> March, 2012 about 90.61% of the Company's Equity Shares have been dematerialized. The Equity Shares of the Company are actively traded on the BSE Ltd., Mumbai.

## m) Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity:

As on 31<sup>st</sup> March, 2012, the Company did not have any outstanding ADRs, GDRs, Warrants or any convertible instruments.

## n) Registrar and Share Transfer Agents:

**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

## o) Plant :

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

## p) Address for Investor Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any address, non-receipt of dividend or any other query relating to shares, please write to:

**Bigshare Services Pvt. Ltd.**

Unit - Vipul Dyechem 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

**Compliance Officer**

Dr. S. N. Sahai  
102, Andheri Industrial Estate,  
Off. Veera Desai Road, Andheri (West),  
Mumbai – 400 053  
Tel No. : 022 67759999  
Fax No.: 022 67759977  
Email ID : admin@vipuldyes.com





## DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

I, Vipul P. Shah, Managing Director of the Company, confirm that all the Directors of the Company have affirmed compliance with the code of conduct during the year ended on 31<sup>st</sup> March, 2012.

For Vipul Dyechem Limited

Place : Mumbai  
Date : 14<sup>th</sup> August, 2012

Vipul P Shah  
Managing Director

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## CERTIFICATE OF COMPLIANCE FROM THE AUDITORS OF THE COMPANY

To the members of  
**VIPUL DYECEM LIMITED**

We have examined the Compliance of the conditions of Corporate Governance by **VIPUL DYECEM LIMITED** for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and the representations made by management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement. We state that in respect of Investor Grievances received, generally no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Share holders' / Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Reg. No. : 108331W

**P. J. Rajani**  
Proprietor  
Membership No. : 116740

Place : Mumbai  
Date : 14<sup>th</sup> August, 2012



## AUDITORS' REPORT TO THE MEMBERS OF VIPUL DYECEM LIMITED

1. We have audited the attached Balance Sheet of **VIPUL DYECEM LIMITED** as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in term of Section 227(4A) of the Companies Act, 1956 ("the Act") and on the basis of such examination of the books and records of the Company as we consider proper and the information and explanation given to us during the course of our audit, we annex a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standard (AS) referred to in sub-section (3C) of section 211 of the Companies Act, 1956;.
  - e) On the basis of written representation received from directors of the Company as at 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified from being appointed as director of the Company in terms of clause (g) of sub-section (1) of section 274 of Companies Act, 1956;
  - f) In our opinion, and to the best of our information and according to the explanation given to us, the said accounts read together with the notes thereon and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - ii) In the case of the Statement of Profit and Loss Statement, of the profit for the year ended on that date; and
    - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For J. A. Rajani & Co.**  
Chartered Accountants  
Firm Reg. No. 108331W

**P. J. Rajani**  
Proprietor  
Membership No. 116740

Place: Mumbai  
Date: 30<sup>th</sup> May, 2012.



**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

i) In respect of its Fixed Assets:

Proper records showing full particulars, including quantitative details and situation of fixed assets are maintained.

As explained to us some of the Fixed Assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. The reconciliation work with the available records is in progress and necessary entries will be passed in the accounts to give to material discrepancies, observed on such reconciliation.

In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of Fixed Assets during the year.

ii) In respect of its Inventories.

As explained to us, major inventories were physically verified during the year by the management at reasonable intervals.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business.

In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii) According to the information and explanation given to us, the Company has not granted nor taken loans, secured or unsecured to or from companies, firms or other parties covered in register maintained u/s 301 of the Companies Act, 1956. Therefore, the provisions of sub clause (b),(c),(d),(e),(f) and (g) of sub-para (iii) of para 4 of the order are not applicable.

iv) In our opinion and according to the information and explanation given to us the Company has internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of inventories, fixed assets and with regards to the sale of the goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal controls system.

v) To the best of our knowledge and belief and according to the information and explanation given to us particulars of contracts or arrangements referred to in section 301 that need to be entered in the register have been so entered.

In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanation given to us, the Company has not accepted public deposits during the year within the meaning of Section 58A and 58AA. We have been informed that no order has been passed by the Company Law Board or National Company Law Board Tribunal or Reserve Bank of India or any other Tribunal in India.

vii) In our opinion, the Company has internal audit system, commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of Cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix) According to the record of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with appropriate authorities.



According to the information and explanations given to us, there are no undisputed amount payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty and Cess which were outstanding, at the end for the period of more than six months from the date they became payable except dividend distribution tax of Rs. 1,288.78 ('000).

According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute *except for Rs. 55 ('000) Income Tax in respect of Assessment 2002-03 which is Appeal with Income Tax Appellate Tribunal Mumbai.*

- x) The Company neither has accumulated losses at the end of the year, nor incurred cash losses during the financial year covered by our audit and the immediate preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- xii) According to information and explanation given to us, Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the order is not applicable to the Company, as the Company is not chit fund Company or Nidhi / Mutual benefit fund / Society.
- xiv) The Company has, in our opinion, maintained proper records and contracts with respect to its investment where timely entries are made in the former. All investment at the end are generally held in the name of the Company.
- xv) According to information and explanation given to us, the Company has not given guarantees for loan taken by others from banks or financial institutions.
- xvi) According to information and explanation given to us, the Company has not taken term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 at a price which is not prejudicial to the interest of the Company.
- xix) According to information and explanation given to us Debentures have not been issued by the Company during the year.
- xx) During the period, the Company has not raised money by public issue.
- xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For J. A. Rajani & Co.**  
Chartered Accountants  
Firm Reg. No. 108331W

**P. J. Rajani**  
Proprietor  
Membership No. 116740

Place: Mumbai  
Date: 30<sup>th</sup> May, 2012.

**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2012**

(Rs. in '000)

	Note No.	As on 31 <sup>st</sup> March, 2012	As on 31 <sup>st</sup> March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	54,745.00	54,345.00
(b) Reserves & surplus	4	69,394.01	64,182.76
(c) Money received against share warrants	5	-	5,625.00
		<b>124,139.01</b>	124,152.76
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	6	1,521.97	2,172.45
(b) Deferred tax liabilities (Net)	7	703.98	761.50
(c) Other Long term liabilities	8	1,534.02	831.48
(d) Long-term provisions	9	274.00	368.58
		<b>4,033.97</b>	4,134.00
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	10	61,282.53	58,134.82
(b) Trade payables	11	54,526.17	46,761.51
(c) Other current liabilities	12	6,734.20	6,821.87
(d) Short-term provisions	13	7,692.79	9,195.59
		<b>130,235.68</b>	120,913.79
<b>TOTAL</b>		<b>258,408.66</b>	249,200.55
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	14	30,486.41	28,491.70
(ii) Capital work-in-progress		2,236.64	1,180.89
(b) Non-Current Investments	15	3,042.77	2,959.84
(c) Long-term loans and advances	16	57,103.86	10,118.76
(d) Other non-current assets	17	108.00	120.00
		<b>92,977.68</b>	42,871.19
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	18	38,660.89	34,987.76
(b) Trade receivables	19	78,389.13	82,814.14
(c) Cash and Cash equivalents	20	6,803.30	23,623.92
(d) Short-term loans and advances	21	41,577.66	64,903.53
		<b>165,430.98</b>	206,329.36
<b>TOTAL</b>		<b>258,408.66</b>	249,200.55

See accompanying notes to the financial statements

In terms of our report attached.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Pravinchandra B. Shah**  
Chairman

**Vipul P. Shah**  
Managing Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs. in '000)

Particulars	Note No.	For Year Ended 31 <sup>st</sup> March, 2012	For Year Ended 31 <sup>st</sup> March, 2011
I. Revenue from operations	22	288,534.68	329,832.65
II. Other income	23	599.78	956.18
<b>III. Total Revenue (I + II)</b>		<b>289,134.46</b>	<b>330,788.82</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	24	26,447.86	32,420.84
Purchases of Stock-in-Trade	24	208,060.30	252,103.13
Changes in Inventories of Stock-in-Trade	25	(3,847.31)	(7,749.06)
Employee benefits expense	26	6,155.97	5,258.52
Finance costs	27	4,658.82	3,998.31
Depreciation and amortization expense	28	2,684.29	2,291.48
Operating Expenses	29	11,688.74	10,928.71
Administrative, Selling and General expenses	30	25,172.73	17,677.07
<b>Total expenses</b>		<b>281,021.39</b>	<b>316,929.00</b>
<b>V. Profit before tax (III-IV)</b>		<b>8,113.07</b>	<b>13,859.82</b>
<b>VI. Tax expense:</b>			
(1) Current tax		2,650.00	4,200.00
(2) Deferred tax		(57.52)	23.88
		<b>2,592.48</b>	<b>4,223.88</b>
<b>VII. Profit for the period after tax (V-VI)</b>		<b>5,520.59</b>	<b>9,635.94</b>
<b>VIII. Earnings per Equity Share:</b>	31		
(1) Basic		1.02	2.10
(2) Diluted		1.02	2.10

See accompanying notes to the financial statements

In terms of our report attached.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Pravinchandra B. Shah**  
Chairman

**Vipul P. Shah**  
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs. in '000)

Particulars	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>A. Cash Flow from Operating Activities:</b>		
Profit Before Tax	8,113.07	13,859.82
<b>Adjustments for:</b>		
Depreciation and Amortisation	2,684.29	2,291.48
Interest Expenses (Net)	4,658.82	3,998.31
Dividend Income	(63.50)	(58.70)
Other Income	(536.28)	(897.48)
Bad Debts written off	102.73	558.87
Profit/Loss on sale of Fixed Assets	-	45.10
	<b>6,846.06</b>	<b>5,937.57</b>
Operating Profit Before Working Capital Changes	14,959.13	19,797.39
(Increase) / Decrease in Long-term and Short term loans and advances	(23,659.23)	(22,990.07)
(Increase) / Decrease in Other Current and Non-current assets	12.00	-
(Increase) / Decrease in Inventories	(3,673.13)	(8,461.36)
(Increase) / Decrease in Trade receivables	4,322.28	(4,359.00)
(Decrease) / Increase in Trade payables and liabilities	7,419.24	14,574.67
	<b>(15,578.84)</b>	<b>(21,235.76)</b>
Cash Generated from Operations	(619.71)	(1,438.37)
Direct Taxes Paid (including TDS) Net	(5,217.40)	(2,838.90)
Net Cash Flow from Operating Activities - A	<b>(5,837.11)</b>	<b>(4,277.26)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Tangible and Intangible Assets	(5,722.75)	(6,568.89)
Investments	(82.93)	(466.12)
Interest and Dividend Income	599.78	- 956.18
Net Cash used in Investing Activities - B	<b>(5,205.90)</b>	<b>(6,078.84)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Increase in share Capital / Share Application Received	600.00	22,505.00
(Decrease) / Increase in Borrowings (net)	2,553.01	5,508.34
Dividend Paid (including tax on Distributed Profit) - Final	(4,271.80)	(4,092.58)
Interest Paid and Finance Cost	(4,658.82)	(3,998.31)
Net Cash from Financing Activities - C	<b>(5,777.61)</b>	<b>19,922.45</b>
Net Increase / (Decrease) in Cash and Cash Equivalents - (A+B+C)	<b>(16,820.62)</b>	<b>9,566.35</b>
Cash and Cash Equivalents as at the end of the year:		
- Cash & Balances in Current Accounts with Banks ##	3,578.14	11,954.80
- Deposits with Banks and Interest Accrued thereon **	3,225.16	11,669.12
	<b>6,803.30</b>	<b>23,623.92</b>
Less: Cash and Cash Equivalents as at the beginning of the year	23,623.92	14,057.57
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(16,820.62)</b>	<b>9,566.35</b>

Note: ## This includes Rs. 789.27 ('000) balance in earmarked account (Prev.Yr. includes Rs. 713.07 ('000))

\*\* This Includes Rs. 858.72 ('000) held in deposit for more than 12 months (Prev. Yr. Rs. 11,669.12)

Figures in bracket denote outflow of cash.

## In terms of our report attached.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## For and on behalf of the Board of Directors

**Pravinchandra B. Shah**  
Chairman

**Vipul P. Shah**  
Managing Director



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012****1. Corporate Information**

The Company is mainly in the business of Dyes, Chemicals & Intermediates.

**2. Significant Accounting Policies****a. System of Accounting:**

The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.

The financial statement have been prepared on the basis of going concern, under historical cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting Standards issued by the ICAI (except as otherwise stated) and the relevant provision of Companies Act, 1956. Estimates and Assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the day of the Financial Statements, which may differ from the actual results at a subsequent date.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.

**b. Fixed Assets, Depreciation and Impairment Loss:**

Fixed Assets are stated at cost net of accumulated depreciation. Cost includes expenses related to acquisition and financing cost on borrowing during construction period. Assets acquired on Hire purchase are capitalised to the extent of Principal Value.

Depreciation on Fixed Assets has been provided on written down value basis and manner provided in schedule XIV of Companies Act, 1956. Additions during the year are depreciated on pro-rata basis. Leasehold land is shown at cost and no write offs are made in respect thereof.

In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

**c. Investments:**

Long-term investments are stated at cost of acquisition less provision for diminution in value other than temporary, if any.

**d. Prior Period Adjustments:**

All items of Income/Expenditure pertaining to prior period (except those not exceeding Rupees One Thousand in each case which are accounted through respective revenue accounts) are accounted through Prior Period Adjustment Account.

**e. Inventories:**

Raw Materials are valued at cost.

Finished Goods are valued at lower of cost or net realizable value.

Packing materials, stores and spares are charged to revenue account.

**f. Revenue Recognition:**

Export Sales are accounted on the date of Bill of Lading. Export benefits thereon are accounted on the basis of eligibility in the year of export.

Sales includes Central Excise and other incidental charges.

Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012****g. Deferred Revenue Expenditure:**

Shares Issue expenses are amortised over a period of 10 years.

**h. Retirement Benefits:**

The Company has created an Employees' Group Gratuity Fund, which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy as intimated by Life Insurance Corporation of India. The adequacy of the fund along with the provision is as per the actuarial valuation.

Provision for leave entitlement is accrued and provided for at the end of the financial year.

**i. Bonus:**

No provision is made in accounts for bonus payable to employees. The payment is recorded when actual disbursement is made.

**j. Borrowing Cost:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which these were incurred.

**k. Foreign Currency Transactions:**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. At the year-end, monetary items denominated in foreign currencies are converted into rupee equivalent at the year-end exchange rates. All exchange differences arising on settlement and conversion on foreign currency transaction are dealt with in profit and loss account, except in cases where they relate to acquisition of fixed assets, in which they are adjusted in the cost of corresponding assets.

**m. Accounting for Tax on Income:**

The provision for current tax has been made in accordance with the Income Tax law prevailing for the relevant assessment year after considering various admissible relief.

Deferred tax for the year is recognized, on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

The deferred tax assets and liabilities are measured using the tax rates and tax rules that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is reasonable, virtual certainty of its realization.

**n. Research & Development:**

Revenue expenditure is charged to revenue under the natural heads of account in the year in which it is incurred.

Fixed assets purchased for research and development are treated in the same way as any other Fixed Assets.

**o. Expenditure during Construction and on New Projects:**

In case of new industrial units and substantial expansion of existing units, all pre- operating expenditure specifically for the project, incurred up to the date of installation, is capitalised and added pro rata to the cost of fixed assets.

**p. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities, if material, are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>3. Share Capital:</b>			
<b>3.1 Authorised :</b>			
60,00,000 (P. Y. 60,00,000 )Equity Shares of Rs.10 each		60,000.00	60,000.00
TOTAL		<u>60,000.00</u>	<u>60,000.00</u>
<b>3.2 Issued, Subscribed and fully Paid-up Shares:</b>			
54,74,500 (P. Y.54,34,500) Equity Shares of Rs.10 each fully paid up		54,745.00	54,345.00
TOTAL		<u>54,745.00</u>	<u>54,345.00</u>

**3.3 Reconciliation of the number of shares outstanding at the beginning and at the end of the year.**

	Number of shares (Nos)		Share Capital (Rs. in '000)	
	31 <sup>st</sup> Mar, 2012	31 <sup>st</sup> Mar, 2011	31 <sup>st</sup> Mar, 2012	31 <sup>st</sup> Mar, 2011
Balance as at Beginning of the year	5,434,500	4,584,500	54,345.00	45,845.00
Issued During the year **	40,000	850,000	400.00	8,500.00
Balance as at end of the year	<u>5,474,500</u>	<u>5,434,500</u>	<u>54,745.00</u>	<u>54,345.00</u>

\*\* Issued Equity Shares on conversion of even number of warrants issued on preferential basis .

**3.4 Terms / rights attached to Equity Shares**

- a) Fully paid Equity Shares, which have a par value of Rs. 10/-, carry one vote per share and carry a right to dividend.
- b) Dividend, if recommended by the Board of Directors need approvals from the Shareholders at the Annual General Meeting. The Board of Directors may also declare interim dividends if in their judgement the position of the Company justifies.
- c) During the year ended 31<sup>st</sup> March, 2012, the amount of per share dividend recognised as Re 0.80 (31<sup>st</sup> March, 2011 Re. 0.80)
- d) In the event of winding up / liquidation of the Company, the holder of Equity Shares will be entitled to receive a residual interest in proportion to the number of shares held by them at that time in the assets of the Company after deducting all of liabilities of the Company.

**3.5 List of shareholders who holds more than 5% of Equity Shares in the Company:**

Name of the shareholders	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	(Nos)	%	(Nos)	%
Pravinchandra B. Shah (HUF)	472,550	8.63%	472,550	8.70%
Vipul P. Shah	726,100	13.26%	726,100	13.36%
Mihir V. Shah	960,600	17.55%	731,700	13.46%
	<u>2,159,250</u>	<u>39.44%</u>	<u>1,930,350</u>	<u>35.52%</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>4. Reserves and Surplus:</b>			
Capital Reserve		6,277.70	852.70
Securities Premium Account		29,478.00	29,078.00
General Reserve		9,009.75	9,009.75
Profit and Loss Account		24,628.56	25,242.31
	Total	<u>69,394.01</u>	<u>64,182.76</u>
<b>4.1 Capital Reserve</b>			
As per last Balance Sheet		852.70	852.70
Add : Forfeiture of application money of Unsubscribed Warrants Issued on preferential issue		5,425.00	-
Balance at the end of the year		<u>6,277.70</u>	<u>852.70</u>
<b>4.2 Securities Premium Account:</b>			
Balance at beginning of the year		29,078.00	20,578.00
Add: Premium received on Equity Shares on conversion warrants issued on preferential basis		400.00	8,500.00
Balance at the end of the year		<u>29,478.00</u>	<u>29,078.00</u>
<b>4.3 General Reserve</b>			
Balance at beginning of the year		9,009.75	9,009.75
Add: Transferred from Profit and Loss Account		-	-
Balance at the end of the year		<u>9,009.75</u>	<u>9,009.75</u>
<b>4.4 Profit and Loss Account</b>			
Balance at beginning of the year		25,242.31	20,721.59
Add: Profit after Tax for the year		5,520.59	9,635.94
Less: Appropriations:			
Tax Adjustments		(1,044.14)	(45.49)
Proposed Dividend - Final		(4,379.60)	(4,347.60)
Corporate Dividend Tax thereon		(710.59)	(722.14)
Balance at the end of the year		<u>24,628.56</u>	<u>25,242.31</u>
<b>5. Money received against share warrants:</b>			

The Company had approved by Postal Ballot process announced on 24<sup>th</sup> July, 2010 to create, offer, issue and allot up to 19,75,000 warrants, convertible into 19,75,000 Equity Shares of Rs. 10/- each on preferential allotment basis, pursuant to section 81(1A) of the Companies Act, 1956, at a conversion price of Rs.20/- per Equity Share (Premium Rs. 10/- per share) of the Company, arrived at in accordance with the SEBI Guidance in this regard and subsequently these warrants were allotted to the promoters and non-promoters. Application money amounting to Rs. 5,625('000) was outstanding as on 31<sup>st</sup> March, 2011. The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 22<sup>nd</sup> February, 2012. In the current year 10,85,000 warrants are not converted into shares within the said period. The Company has forfeited application money amounting to Rs. 5,425('000) towards the warrants not converted before stipulated date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>6. Long term borrowings:</b>			
<b>6.1 Secured Loans</b>			
Loan from Bank		-	-
Loan from Others (Refer Note 12)		292.17	843.18
	Sub Total (A)	<u>292.17</u>	<u>843.18</u>
<b>6.2 Unsecured Loans</b>			
Loan from Bank (Refer Note 12) **		121.26	649.41
Loan from Others (Refer Note 12) **		1108.55	679.86
	Sub Total (B)	<u>1,229.81</u>	<u>1,329.27</u>
	Total (A) + (B)	<u><u>1,521.97</u></u>	<u><u>2,172.45</u></u>

\*\* Personal Guarantee of Directors

**Secured Loans from Others**

Rs. 843('000) (Previous Year Rs.1,352('000) secured by hypothecation of vehicles from Tata Capital Ltd. Equal monthly instalments over the period of loan by 3<sup>rd</sup> September, 2013 and carry interest rate of 8% p.a.

**Unsecured Loans from Banks**

Repayment of loan from Kotak Mahindra Bank Ltd. in monthly scheduled instalments by 1<sup>st</sup> April, 2013 and carry interest rate of 8.86% p.a.

**Unsecured Loans from Others**

Repayment of loan from Magma Fincorp Ltd. in monthly scheduled instalments by 7<sup>th</sup> May, 2013 and carry interest rate of 7.31% p.a.

Repayment of loan from Gujrat Industrial Development Ltd. in quarterly equal instalments by 30<sup>th</sup> September, 2015 and carry interest rate of 13.5% p.a.

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>7. Deferred Tax Liability</b>			
<b>Major components of deferred tax are:</b>			
Related to Fixed Assets		703.98	761.50
	<b>Net Deferred Tax Liability</b>	<u>703.98</u>	<u>761.50</u>
<b>8. Other Long-term Liabilities:</b>			
Payables on purchase of Fixed Assets		1,484.02	831.48
Deposit from Dealers		50.00	-
	Total	<u>1,534.02</u>	<u>831.48</u>
<b>9. Long-term provisions:</b>			
Provision for Gratuity		274.00	368.58
	Total	<u>274.00</u>	<u>368.58</u>
<b>10. Short-term borrowings:</b>			
<b>(a) Loans repayable on demand</b>			
From banks			
Secured		61,282.53	58,134.82
	Total	<u>61,282.53</u>	<u>58,134.</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

The working capital facilities from Banks are secured by way of Hypothication of Stock and Book Debts. The above loans also covered by following collateral securities as under:-

- i) EMDTD of land property & building with machinery/electricals installation situated at Survey no 35, Diwan & Sons Industrial Estate, Palghar.
- ii) Land & Building along with machineries at Plot no.11, Diwan & Sons Industrial Estate, Palghar of M/s Vip Chem Pvt. Ltd.
- iii) Land & Building at Plot no 10 & 16, Diwan & Sons Ind.Est., Palghar of Jayshree Chemicals
- iv) Also covered in personal guarantee of 2 Directors and Corporate Guarantees of Jayshree Chemicals & Vip Chem P. Ltd.

		(Rs. in '000)	
		<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March, 2011
<b>11. Trade payables</b>			
Sundry Creditors-other than micro and small enterprises		<b>45,686.05</b>	35,648.17
Acceptances		<b>8,840.12</b>	11,113.34
	Total	<b><u>54,526.17</u></b>	<u>46,761.51</u>
<b>12. Other Current Liabilities:</b>			
Current maturities of long-term secured loan (See Note 6.1)		<b>551.01</b>	509.04
Current maturities of long-term unsecured loan (See Note 6.2)		<b>1,514.34</b>	1,500.53
Advance from Customers		<b>2,358.50</b>	3,154.83
Unpaid Dividends		<b>781.37</b>	705.57
Duties & taxes		<b>1,528.97</b>	951.90
	Total	<b><u>6,734.20</u></b>	<u>6,821.87</u>
<b>13. Short-term provisions:</b>			
Provision for Tax		<b>2,602.60</b>	4,125.85
Proposed Dividend		<b>4,379.60</b>	4,347.60
Corporate Dividend Tax		<b>710.59</b>	722.14
	Total	<b><u>7,692.79</u></b>	<u>9,195.59</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

## 14. Tangible Assets

(Rs. in '000)

	Freehold Factory Land	Office Premises	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Computers	Office Equipments	Total
Cost or valuation At 1 <sup>st</sup> April, 2010	12,618.16	635.48	4,159.56	24,054.24	1,395.98	2,197.07	938.97	909.86	46,909.32
Additions	1,314.63	-	-	2,262.35	172.68	2,097.92	165.58	131.68	6,144.84
Disposals	-	-	-	-	-	-	-	110.27	110.27
At 31 <sup>st</sup> March, 2011	13,932.78	635.48	4,159.56	26,316.59	1,568.66	4,294.99	1,104.55	931.27	52,943.88
Additions	2,087.57	-	200.00	1,830.22	39.97	-	296.28	212.97	4,667.00
Disposals	-	-	-	-	-	-	-	-	-
At 31 <sup>st</sup> March, 2012	16,020.35	635.48	4,359.56	28,146.81	1,608.63	4,294.99	1,400.83	1,144.24	57,610.89
<b>Depreciation</b>									
At 1 <sup>st</sup> April, 2010	-	45.04	3,026.32	15,842.67	655.32	1,278.78	717.93	633.14	22,199.22
Charge for the year	-	29.522	113.32	1,318.15	145.55	510.06	119.22	55.65	2,291.48
Disposals	-	-	-	-	-	-	-	38.50	38.50
At 31 <sup>st</sup> March, 2011	-	74.56	3,139.65	17,160.82	800.88	1,788.84	837.15	650.29	24,452.19
Charge for the year	-	28.05	103.69	1,500.99	142.47	648.84	178.53	69.73	2,672.29
Disposals	-	-	-	-	-	-	-	-	-
At 31 <sup>st</sup> March, 2012	-	102.61	3,243.33	18,661.81	943.35	2,437.68	1,015.68	720.02	27,124.48
Net Block									
At 31 <sup>st</sup> March, 2012	16,020.35	532.87	1,116.23	9,485.00	665.28	1,857.30	385.15	424.23	30,486.41
At 31 <sup>st</sup> March, 2011	13,932.78	560.92	1,019.91	9,155.77	767.79	2,506.14	267.40	280.99	28,491.70

Notes:

(1) Gross Block is at cost.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>15. Non-current Investments:</b>			
<b>(Fully Paid Up, at Cost)</b>			
<b>Trade Investments:</b>			
<b>(a) Investments in Equity Instruments</b>			
Investments in Equity Shares of Subsidiaries:			
Equity Shares of Shree Ambika Naturals Pvt. Ltd. (Unquoted) 2,550 (Prev.Yr. 2,550) Equity Shares of Rs.100/- each.		255.00	255.00
<b>(b) Investments in Government Securities :</b>			
Government Securities (Unquoted) (Deposited with Government authorities)		1.00	1.00
<b>Non-trade Investments:</b>			
<b>(a) Investments in Equity Instruments</b>			
Equity Shares (Quoted)			
Arvind Mills Ltd.[1000 (Prev.Yr. 1000) Equity shares fully paid of Rs.10/- each]		94.43	94.43
Bodal Chemicals Ltd.[2500 (Prev.Yr. 2500) Equity shares fully paid of Rs.2/- each]		85.35	85.35
Global Offshore Services Ltd.[8400 (Prev.Yr. 8400) Equity shares fully paid of Rs.10/- each]		146.71	146.71
Gujarat State Fertilizers & Chemicals Ltd.[179 (Prev.Yr. 179) Equity shares fully paid of Rs.10/- each]		7.01	7.01
Hotel Leela Ventures Ltd.[1000 (Prev.Yr. 1000) Equity shares fully paid of Rs.2/- each]		54.72	54.72
J S W Energy Ltd.[1250 (Prev.Yr. 1250) Equity shares fully paid of Rs.10/- each]		155.11	155.11
Kiri Industries Ltd.[500 (Prev.Yr. Nil) Equity shares fully paid of Rs.10/- each]		82.93	-
Mafatlal Industries Ltd.(346 (Prev.Yr. 346) Equity shares fully paid of Rs.10/- each)		165.93	165.93
Navin Flourine International Ltd. [346 (Prev.Yr. 346) Equity shares fully paid of Rs.10/- each]		76.95	76.95
NOCIL Ltd.[20,000 (Prev.20,000) Equity shares fully paid of Rs.10/- each]		1,014.70	1,014.70
Novartis India Ltd. [500 (Prev.Yr. 500) Equity shares fully paid of Rs.5/- each]		166.92	166.92
Pricol Ltd.[3000 (Prev.Yr. 3000) Equity shares fully paid of Rs.1 each]		122.59	122.59
Petronet LNG Ltd.[3000 (Prev.Yr. 3000) Equity shares fully paid of Rs.10/- each]		176.47	176.47
Standard Industires Ltd.[9900 (Prev.Yr. 9900) Equity shares fully paid of Rs.5/- each]		344.30	344.30
Vijaya Bank Ltd.[1000 (Prev.Yr. 1000) Equity shares fully paid of Rs.10/- each]		52.17	52.17
Total		<u>2,746.27</u>	<u>2,663.34</u>
<b>(b) Investments in Debentures:</b>			
Debentures (Quoted)		40.50	40.50
Total (a + b)		<u>3,042.77</u>	<u>2,959.84</u>

(Rs. in '000)

	Cost		Market Value	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Aggregate value of Quoted Investments	2,746.27	2,663.34	2,551.76	2,879.40
Aggregate value of Unquoted Investments	296.50	296.50	-	-
Total	<u>3,042.77</u>	<u>2,959.84</u>	<u>2,551.76</u>	<u>2,879.40</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March, 2011
<b>16. Long-term Loans and Advances: (Unsecured and considered good)</b>			
Capital Advances-Related (Refer note 48)		16,075.00	-
Deposits with Government Authorities and Others		33,133.78	8,010.58
Loans and Advances to related parties			
- Subsidiaries (Refer Note 48)		6,486.90	1,000.00
- Related Parties (Refer note 48)		108.18	108.18
Other loans and advances		1,300.00	1,000.00
	Total	<u>57,103.86</u>	<u>10,118.76</u>
<b>17. Other non-current assets:</b>			
Unamortised Share Issue Expenses		108.00	120.00
	Total	<u>108.00</u>	<u>120.00</u>
<b>18. Inventories</b>			
(At cost or net realisable value whichever is lower)			
(a) Raw materials		14,847.25	15,021.43
(b) Finished goods		9,354.40	6,310.91
(c) Stock-in-trade		14,459.24	13,655.43
	Total	<u>38,660.89</u>	<u>34,987.76</u>
<b>19. Trade receivables (Unsecured)</b>			
Considered Good			
Overdue Trade Receivables		3,525.64	3,436.25
Trade Receivables		74,863.48	79,377.89
		-	-
	Total	<u>78,389.13</u>	<u>82,814.14</u>
<b>20. Cash and Cash equivalents:</b>			
Earmarked Balance			
Unpaid Dividend Account		789.28	713.08
Balances with Scheduled Bank:			
In Current Account		2,376.14	10,868.48
In Fixed deposit		3,225.16	11,669.12
In EEFC Account		12.92	11.39
Cash in Hand		399.80	361.85
	Total	<u>6,803.30</u>	<u>23,623.92</u>
<b>Notes:</b>			
Fixed deposits with Banks includes:			
a) Fixed deposit with the banks with maturity period of more than 12 months.		858.72	11,669.12
b) Fixed deposits in Margin Account		3,225.16	5,674.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March, 2011
<b>21. Short-term Loans and Advances:</b>			
	(Unsecured and considered good)		
	Loans and Advances to related parties (refer Note 48 )	9,107.41	38,556.55
	Loans and Advances to Employees	14.00	-
	Prepaid Expenses	165.73	199.80
	Balance with Government Authorities		
	Excise	3,472.26	4,960.98
	MVAT Refund	1,524.42	779.02
	Service Tax	1,010.71	547.75
	Advances recoverable in cash or kind or for value to be received		
	Export Incentive	10,049.63	11,776.18
	Advance to Suppliers	16,096.52	8,083.26
	Others	136.98	-
	Total	<u>41,577.66</u>	<u>64,903.53</u>
<b>22. Revenue from operations</b>			
	Export sales	2,62,514.44	2,60,402.13
	Local sales (Including Excise Duty)	17,265.70	58,344.39
	Export incentives	9,759.67	12,734.88
	Less:Excise Duty (Dyes and Chemicals)	(1,005.12)	(1,648.76)
	Total	<u>2,88,534.68</u>	<u>3,29,832.65</u>
<b>23. Other income:</b>			
	Interest on Deposit with Banks	536.28	897.48
	Dividend on Current Investments (non-trade)	63.50	58.70
	Total	<u>599.78</u>	<u>956.18</u>
<b>24. a) Cost of materials consumed (Chemicals &amp; Others)</b>			
	Opening Stock	15,021.43	14,309.12
	Add: Purchases	26,273.68	33,133.15
	Less: Closing Stock	14,847.25	15,021.43
	Total	<u>26,447.86</u>	<u>32,420.84</u>
<b>b) Purchases of Stock-in-Trade</b>			
	Dyes and Chemicals	208,060.30	252,103.13
	Total	<u>208,060.30</u>	<u>252,103.13</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March, 2011
<b>25. Changes in Inventories of Stock-in-Trade</b>			
Inventories at the end of the year			
Dyes and Chemicals		<u>23,813.64</u>	19,966.33
	Sub-total (A)	<u>23,813.64</u>	19,966.33
Inventories at the beginning of the year			
Dyes and Chemicals		<u>19,966.33</u>	12,217.28
	Sub-Total (B)	<u>19,966.33</u>	12,217.28
	(A) -(B)	<u>(3,847.31)</u>	<u>(7,749.06)</u>
<b>26. Employees' benefits expense:</b>			
Salaries, Wages, Bonus and Gratuity		5,918.54	4,973.80
Contribution to Provident Fund and other Funds		51.02	37.40
Employees' Welfare Expenses		186.41	247.32
	Total	<u>6,155.97</u>	<u>5,258.52</u>
<b>27. Finance costs:</b>			
Bank Interest		3,657.30	3,414.55
Bank Charges-Processing Fees		891.94	-
Other Interest		109.57	583.76
	Total	<u>4,658.82</u>	<u>3,998.31</u>
<b>28. Depreciation and amortization expense</b>			
Depreciation (As per Note 14)		2,672.29	2,291.48
Amortisation of Deferred Revenue Expense		12.00	-
	Total	<u>2,684.29</u>	<u>2,291.48</u>
<b>29. Operating Expenses</b>			
Stores and Spare parts consumed		512.45	686.14
Power and Fuel		5,298.31	4,905.64
Labour & Transport		2,918.63	2,884.71
Repairs & Maintenance		1,746.43	1,139.46
Packing Material		1,212.92	1,312.76
	Total	<u>11,688.74</u>	<u>10,928.71</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March, 2011
<b>30. Administrative, Selling and General expenses</b>		
Export Clearing, Freight & Forwarding	4,533.05	4,034.67
Telephone Postage Telegram Expenses	1,149.05	1,119.46
Printing and Stationary	448.92	472.97
Professional & Legal Charges	1,802.23	1,420.23
Travelling Expenses	2,909.59	1,756.92
Insurance Charges	1,818.86	1,312.54
Rent, Rates, Electricity & Warehouse	1,533.42	1,145.97
Donation	369.05	693.00
Auditors Remuneration (Refer note 33)	235.00	185.00
Bank Charges	1,913.32	1,895.38
Exchange Gain /Loss	4,214.25	(398.59)
Commission	1,706.12	1,692.87
Miscellaneous/ Office Expenses	1,562.94	1,270.43
Sales Promotion/ Exhibition Expenses	874.18	517.35
Bad Debts written off	102.73	558.87
Total	<u>25,172.73</u>	<u>17,677.07</u>
<b>31. Earnings per share:</b>		
The numerators and denominators used to calculate Earnings per Share:		
Nominal Value of Equity Share	Rs. 10/-	10/-
Net Profit available for Equity shareholders (Rs. in lacs) = (A)	Rs. 5,520.59	9,635.94
Weighted Average number of shares outstanding during the year - (B)	Nos. 5,438,664	4,586,829
Basic and Diluted Earnings per Share (Rs.) - (A) / (B)	Rs. 1.02	2.10
<b>32. Contingent Liabilities and Commitments:</b>		
<b>(i) Contingent Liabilities</b>		
(a) Income tax matters not acknowledged as debt	54.00	54.00
(b) Dues raised by M.S.E.B which is protested by Company.	250.00	250.00
Total		
<b>(ii) Commitment</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,000.00	2500.00
	<u>3,000.00</u>	<u>2,500.00</u>
<b>33. Payments to Auditors for the year</b>		
Auditors' Remuneration & Expenses (including Service Tax)		
(a) As Auditors	191.01	148.91
(b) For Tax Audit	73.03	55.15
(c) Certification and other matters	129.63	78.87
(d) Taxation matters	109.13	103.68
Total	<u>502.80</u>	<u>386.61</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

34. The Sales Tax & Income-Tax Assessments are pending for earlier years. Liabilities in respect of such taxes could not be ascertained.
35. During the previous year, the Company has issued 40,000 (Prev.Yr. 8,50,000) Equity shares of Rs. 10/- each issued at a price of Rs. 20/- (including premium of Rs. 10/- each) on conversion of Warrants issued on preferential basis.
36. Export benefits including Central Excise, Advance Licenses and Passbook of Duty Credit to be reconciled with the related evidences and Statements and necessary adjustment, if required will be made after reconciliation. Export benefits receivable are valued and certified by the management. However, the actual realisation of the same may significantly differ.
37. The Company has deposits of Rs.74 lacs with the Pyrates Phosphates & Chemicals Ltd(PPCL) which is overdue. However, the Company has filed a suit with District Court and for the same District Court has given the ruling in favour of the Company by the way of decree. The Company has now filed an application for the execution of the preferential claim for the decree against PPCL and as per the latest order given by the Honourable High Court Patna, it has been decided that the claim may be considered upon liquidation / disposal of all the assets of PPCL. In view of that, the management has not made any provision for doubtful deposits.
38. Sundry Debtors, Creditors, Loan, Deposits and advances are subject to reconciliation and confirmation, necessary adjustment if required will be after reconciliation.
39. Some assets of which the Company is beneficial owner are pending for transfer in the name of the Company.
40. No provision has been made in the accounts for diminution in the value of quoted & unquoted investments by reason of these investments being Long Term Investment and the decline in their value being on account of temporary factors.

During the year ended 31<sup>st</sup> March, 2011, the Company made an investment of Rs 2.55 Lacs by way of subscription to the Equity Share capital of Shree Ambika Naturals Pvt. Ltd. With this subscription, Shree Ambika Naturals Pvt. Ltd. has become a subsidiary of the Company. Shree Ambika Naturals Pvt. Ltd. (Formerly known as Shree Ambika Dyechem Pvt. Ltd.) is a Company having its manufacturing unit at Ahmednagar, Maharashtra.

41. The liability for gratuity is not accounted on the basis of actuarial valuation. Bonus is accounted on cash basis, which is not in conformity with Accounting Standard (AS)15 (Revised 2005) on Employees' Benefits as issued by the Institute of Chartered Accountant of India.
42. In the opinion of the Board of Directors, to the best of their knowledge and belief all the current assets, loans and advances have been stated at realisable value at least of an amount equal to the amount at which they are stated in Balance Sheet.
43. Unpaid Dividend accounts are subject to reconciliation.
44. The Company does not possess information as to which of its suppliers are Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes any amount. However, the Company is regular in making payments to its suppliers and has not received any claim in respect of interest for delayed payment.
45. The outstanding forward exchange contract as on 31<sup>st</sup> March, 2012 entered into by the Company was for USD 278.14 ('000) equivalent to Rs.1387.04 ('000) (Prev. year Nil).
46. The entire operations of the Company relate to only one segment viz. Dyes, Chemicals & Intermediates such, there is no separate reportable segment under Accounting Standard – As 17 on Segment Reporting.
47. As stipulated in Accounting Standard (AS) 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has assessed potential generation of economic benefits from its business units and is of the view that Assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly management is of the view that no impairment provision is called for in these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

## 48. Related Party Disclosures

As per the Accounting Standard (AS) 18, issued by the Institute of Chartered Accountants of India (ICAI), the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

## I List of Related Parties

- a) Entities where control exists  
Shree Ambika Naturals Pvt. Ltd.(Formerly Known as Shree Ambika Dye Chem. Pvt. Ltd.)
- b) Key Management Personal (KMP)  
Shri Vipul P. Shah  
Dr. S. N. Sahai
- c) Relatives of KMP  
Smt. Jaya P. Shah  
Shri. Pravinchandra B. Shah  
Pravinchandra B. Shah HUF  
Vipul P. Shah HUF
- d) Other Related Parties (Entities in which (KMP) or their relatives have significant influence)  
Jayshree Chemicals  
Ganesh Tiles & Marble Industries  
Amar Trading Corporation  
J.V.Dye Chem. Pvt. Ltd.  
Jayapriya Chemical Industries Ltd.  
VIP Chem Pvt Ltd.  
Standardcon Pvt.Ltd.

II Transaction with Related Parties & Outstanding Balance as on 31<sup>ST</sup> March, 2012

(Rs. in '000)

Nature of transaction	Entities where control Exist	Key Management Personnel	Relatives of KMP	Entities where Significant Influence
Investment in shares	- (255.00)	- (-)	- (-)	- (-)
Purchase /Services	1,287.67 (-)	- (-)	144.00 (144.00)	69,775.72 (91,272.19)
Sale/Services	401.88 (-)	- (-)	- (-)	10,663.21 (29,057.96)
Advance / Loan Given (net)	5,486.90 (1,000.00)	- (-)	16,075.00 (-2403.37)	29,653.31 (57,861.90)
Mangerial Remuneration	- (-)	1,942.00 (1,596.00)	- (-)	- (-)
Balance Receivable	6,486.90 (1,000.00)	(123.54) (91.14)	16,071.65 (23.75)	34,166.30 (38,625.50)

Note : Figures in brackets represent previous year's amount.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

	31 <sup>st</sup> March, 2012 Rs. in '000		31 <sup>st</sup> March, 2011 Rs. in '000	
<b>49. Imported and Indigenous raw material consumed</b>		%	%	
Imported	2,773.00	10	10,873	34
Indigenous	23,674.86	90	21,548	66
	<u>26,447.86</u>	<u>100</u>	<u>32,420.85</u>	<u>100</u>
<b>50. Earning in Foreign Exchange</b>				
Export at F.O.B. Value:				
Dyes/Dyes Intermediates & Others	262,514.44		260,402.13	
	<u>262,514.44</u>		<u>260,402.13</u>	
<b>51. Expenditure in Foreign Currency :</b>				
Commission	1,447.21		1,468.18	
Traveling Expenses	1,210.56		826.43	
Other Expenses	-		326.62	
	<u>2,657.77</u>		<u>2,621.23</u>	
<b>52. C.I.F. Value of imports</b>				
Raw Material & Finished Goods	24,079.63		32,004.10	
Capital goods	2,003.60		-	
	<u>26,083.23</u>		<u>32,004.10</u>	
<b>53.</b>	The Company has presented current financial statement as per Revised Schedule VI to the Companies Act, 1956. Consequently, previous year figures are re-grouped / re-classified to conform to figures of the current year presented as per Revised Schedule VI.			

## In terms of our report attached.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

## For and on behalf of the Board of Directors

**Pravinchandra B. Shah**  
Chairman

**Vipul P. Shah**  
Managing Director



# CONSOLIDATED FINANCIAL STATEMENTS



**Auditors Report to the Board of Directors of Vipul Dyechem Limited on the Consolidated Financial Statements of Vipul Dyechem Limited and its Subsidiary (Vipul Group)**

1. We have audited the attached Consolidated Balance Sheet of Vipul Group as at 31<sup>st</sup> March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the management of Vipul Dyechem Limited. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Management of Vipul Dyechem Limited in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, as notified under the Companies (Accounting Standards), Rules 2006 and on the basis of the separate audited financial statements of Vipul Dyechem Limited and its subsidiary included in the consolidated financial statements.
4. On the basis of the information and explanation given to us and on consideration of the other financial information of the components and accounts approved by the Board of Directors and audit report on the individual financial statements of the Vipul Dyechem Limited and its subsidiary, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
  - i) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Vipul Group as at 31<sup>st</sup> March, 2012;
  - ii) In the case of the Consolidated Statement of Profit and Loss, of the Profit of Vipul Group for the year ended on that date; and
  - iii) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Vipul Group for the year ended on that date.

**For J. A. Rajani & Co.**  
Chartered Accountants  
Firm Reg. No. 108331W

**P. J. Rajani**  
Proprietor  
Membership No. 116740

Place: Mumbai  
Date: 30<sup>th</sup> May, 2012.

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

(Rs. in '000)

	Note No.	As on 31 <sup>st</sup> March, 2012	As on 31 <sup>st</sup> March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	54,745.00	54,345.00
(b) Reserves & Surplus	4	68,967.22	64,231.83
(c) Money received against share warrants	5	-	5,625.00
		<b>123,712.22</b>	124,201.83
<b>Minority Interest</b>		<b>(99.35)</b>	273.92
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	6	1,521.97	2,172.45
(b) Deferred tax liabilities (Net)	7	417.61	772.24
(c) Other Long term liabilities	8	1,721.95	1,042.56
(d) Long-term provisions	9	274.00	368.58
		<b>3,935.53</b>	4,355.82
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	10	62,430.08	58,134.82
(b) Trade payables	11	55,154.66	46,882.28
(c) Other current liabilities	12	6,810.65	6,861.51
(d) Short-term provisions	13	7,692.79	9,195.59
		<b>132,088.18</b>	121,074.20
<b>TOTAL</b>		<b>259,636.58</b>	249,905.77
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible Assets	14	35,126.93	28,654.88
(ii) Capital Work-in-Progress		2,236.64	1,369.02
(b) Non-Current Investments	15	2,787.77	2,704.84
(c) Long-term loans and advances	16	50,659.64	10,153.68
(d) Other non-current assets	17	108.00	120.00
		<b>90,918.98</b>	43,002.43
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	18	39,266.85	35,064.81
(b) Trade receivables	19	79,056.27	83,034.25
(c) Cash and Cash equivalents	20	8,286.02	23,768.68
(d) Short-term loans and advances	21	42,108.45	65,035.60
		<b>168,717.60</b>	206,903.34
<b>TOTAL</b>		<b>259,636.58</b>	249,905.77

See accompanying notes to the financial statements

In terms of our report attached.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Pravinchandra B. Shah**      **Vipul P. Shah**  
Chairman                              Managing Director

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012***(Rs. in '000)*

Particulars	Note No.	For Year Ended 31 <sup>st</sup> March, 2012	For Year Ended 31 <sup>st</sup> March, 2011
I. Revenue from operations	22	289,289.68	330,994.50
II. Other income	23	647.92	957.64
<b>III. Total Revenue (I + II)</b>		<b>289,937.60</b>	<b>331,952.13</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	24	27,711.20	32,420.84
Purchases of Stock-in-Trade	24	206,772.63	252,103.13
Changes in Inventories of Stock-in-Trade	25	(4,178.87)	(7,749.06)
Employee benefits expense	26	6,930.85	5,857.18
Finance costs	27	4,706.74	3,998.31
Depreciation and amortization expense	28	2,805.49	2,313.22
Operating Expenses	29	12,762.63	11,378.46
Administrative, Selling and General expenses	30	25,460.12	17,719.26
<b>Total expenses</b>		<b>282,970.78</b>	<b>318,041.35</b>
<b>V. Profit before tax (III-IV)</b>		<b>6,966.82</b>	<b>13,910.78</b>
<b>VI. Tax expense:</b>			
(1) Current tax		2,650.00	4,211.83
(2) Deferred tax		(354.63)	26.03
		<b>2,295.37</b>	<b>4,237.86</b>
<b>VII. Profit for the period after tax (V-VI)</b>		<b>4,671.45</b>	<b>9,672.92</b>
Share of Minority		373.28	(36.12)
<b>VII. Profit for the period after Share of Minority</b>		<b>5,044.73</b>	<b>9,636.81</b>
<b>VIII. Earnings per Equity Share:</b>	31		
(1) Basic		0.93	2.10
(2) Diluted		0.93	2.10

See accompanying notes to the financial statements

In terms of our report attached.

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Pravinchandra B. Shah**  
Chairman

**Vipul P. Shah**  
Managing Director

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

(Rs. in '000)

Particulars	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>A. Cash Flow from Operating Activities:</b>		
Profit Before Tax	6,966.82	13,910.78
Adjustments for:		
Depreciation and Amortisation	2,805.49	2,313.22
Interest Expenses (Net)	4,706.74	3,998.31
Dividend Income	(63.50)	(58.70)
Other Income	(584.42)	(897.48)
Bad Debts written off	102.73	558.87
Profit/Loss on sale of Fixed Assets	-	45.10
	<u>6,967.04</u>	<u>5,959.31</u>
Operating Profit before Working Capital Changes	13,933.86	19,870.09
(Increase) / Decrease in Long-term and Short term loans and advances	(17,578.81)	(23,643.59)
(Increase) / Decrease in Other Current and Non-Current Assets	12.00	-
(Increase) / Decrease in Inventories	(4,202.04)	(8,538.42)
(Increase) / Decrease in Trade receivables	3,875.25	(4,092.58)
(Decrease) / Increase in Trade payables and liabilities	7,947.55	15,044.01
	<u>(9,946.05)</u>	<u>(21,230.58)</u>
Cash Generated from Operations	3,987.81	(1,360.48)
Direct Taxes paid (including TDS) Net	(5,224.32)	(2,838.90)
<b>Net Cash Flow from Operating Activities</b> - A	<u>(1,236.51)</u>	<u>(4,199.38)</u>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Tangible and Intangible Assets	(10,133.15)	(6,757.02)
Investments	(82.93)	(211.12)
Interest and Dividend Income	647.92	956.18
<b>Net Cash used in Investing Activities</b> - B	<u>(9,568.16)</u>	<u>(6,011.97)</u>
<b>C. Cash Flow from Financing Activities:</b>		
Increase in share Capital / Share Application Received	600.00	22,505.00
(Decrease) / Increase in Borrowings (net)	3,700.56	5,508.34
Dividend Paid (including tax on Distributed Profit) - Final	(4,271.80)	(4,092.58)
Interest Paid and Finance Cost	(4,706.74)	(3,998.31)
<b>Net Cash from Financing Activities</b> - C	<u>(4,677.98)</u>	<u>19,922.45</u>
Net Increase / (Decrease) in Cash and Cash Equivalents - (A+B+C)	<u>(15,482.65)</u>	<u>9,711.11</u>
Cash and Cash Equivalents as at the end of the year:		
- Cash & Balances in Current Accounts with Banks ##	3,719.56	12,099.56
- Deposits with Banks and Interest Accrued thereon **	4,566.47	11,669.12
	<u>8,286.02</u>	<u>23,768.68</u>
Less: Cash and Cash Equivalents as at the beginning of the year	23,768.68	14,057.57
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<u>(15,482.65)</u>	<u>9,711.11</u>
	<u>(0)</u>	<u>0</u>

Note: ## This includes Rs. 789.27 ('000) balance in earmarked account (Prev.Yr. includes Rs. 713.07 ('000))

\*\* This Includes Rs. 2,158.72 ('000) held in deposit for more than 12 months (Prev. Yr. Rs. 11,669.12)

Figures in bracket denote outflow of cash.

**In terms of our report attached.**For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W**P. J. Rajani**  
Proprietor  
Membership No.116740Place : Mumbai  
Date : 30<sup>th</sup> May, 2012**For and on behalf of the Board of Directors****Pravinchandra B. Shah**  
Chairman**Vipul P. Shah**  
Managing Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 1. Corporate Information

The Group is mainly in the business of Dyes, Chemicals & Intermediates.

### 2. Basis of Consolidation:

The Consolidated Financial Statements relates to the Vipul Dyechem Ltd., the holding Company and its subsidiary Shree Ambika Naturals Pvt. Ltd, together "the Group". The Financial Statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Company, i.e. 31<sup>st</sup> March, 2012. The consolidation of the financial statements of the Company with its subsidiary has been prepared in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements. The excess of cost to the Company of its investments in the subsidiary companies over its share of the Equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as 'goodwill', being an asset in the Consolidated Financial Statements. Where the share of the Equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus'.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

The financial statement of the parent and its subsidiary are combined on a line-by-line basis and intra-group balances, intra-group transactions and unrealized profits or losses are fully eliminated in accordance with Accounting Standard (AS-21) Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

### Significant Accounting Policies

#### a. System of Accounting:

The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.

The financial statements have been prepared on the basis of going concern, under historical cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting Standards issued by the ICAI (except as otherwise stated) and the relevant provisions of Companies Act, 1956. Estimates and Assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the day of the Financial Statements, which may differ from the actual results at a subsequent date.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.

#### b. Fixed Assets, Depreciation and Impairment Loss:

Fixed Assets are stated at cost net of accumulated depreciation. Cost includes expenses related to acquisition and financing cost on borrowing during construction period. Assets acquired on Hire purchase are capitalised to the extent of Principal Value.

Depreciation on Fixed Assets has been provided on written down value basis and manner provided in Schedule XIV of Companies Act, 1956. Additions during the year are depreciated on pro-rata basis. Leasehold land is shown at cost and no write offs are made in respect thereof.

In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

#### c. Investments:

Long-term investments are stated at cost of acquisition less provision for diminution in value other than temporary, if any.

#### d. Prior Period Adjustments:

All items of Income/Expenditure pertaining to prior period (except those not exceeding Rupees One Thousand



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

in each case which are accounted through respective revenue accounts) are accounted through Prior Period Adjustment account.

**e. Inventories:**

Raw Materials are valued at cost.

Finished Goods are valued at lower of cost or net realizable value.

Packing materials, stores and spares are charged to revenue account.

**f. Revenue Recognition:**

Export Sales are accounted on the date of Bill of Lading. Export benefits thereon are accounted on the basis of eligibility in the year of Export.

Sales includes Central Excise and other incidental charges.

Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.

**g. Deferred Revenue Expenditure:**

Shares Issue Expenses are amortised over a period of 10 years.

**h. Retirement Benefits:**

The Company has created an Employees' Group Gratuity Fund, which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy as intimated by Life Insurance Corporation of India. The adequacy of the fund along with the provision is as per the actuarial valuation

Provision for leave entitlement is accrued and provided for at the end of the financial year.

**i. Bonus:**

No provision is made in accounts for bonus payable to employees. The payment is recorded when actual disbursement is made.

**j. Borrowing Cost:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which this are incurred.

**k. Foreign Currency Transactions:**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. At the year-end monetary items denominated in foreign currencies are converted into rupee equivalent at the year-end exchange rates. All exchange differences arising on settlement and conversion on foreign currency transaction are dealt with in Statement of profit and loss, except in cases where they relate to acquisition of fixed assets, in which they are adjusted in the cost of corresponding assets.

**m. Accounting for Tax on Income:**

The provision for current tax has been made in accordance with the Income Tax Law prevailing for the relevant assessment year after considering various admissible relief's.

Deferred tax for the year is recognized, on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

The deferred tax assets and liabilities are measured using the tax rates and tax rules that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is reasonable, virtual certainty of its realization.

**n. Research & Development:**

Revenue expenditure is charged to revenue under the natural heads of account in the year in which it is incurred.

Fixed assets purchased for research and development are treated in the same way as any other Fixed Assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012o. **Expenditure during Construction and on new projects:**

In case of new Industrial units and substantial expansion of existing units, all pre- operating expenditure specifically for the project, incurred up to the date of installation, is capitalised and added pro rata to the cost of fixed assets.

p. **Provisions, Contingent Liabilities and Contingent Assets:**

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities, if material, are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

		31 <sup>st</sup> Mar, 2012	(Rs. in '000) 31 <sup>st</sup> Mar, 2011
<b>3. Share Capital:</b>			
<b>3.1 Authorised :</b>			
60,00,000 (P. Y. 60,00,000 ) Equity Shares of Rs.10/- each		60,000.00	60,000.00
	TOTAL	60,000.00	60,000.00
<b>3.2 Issued, Subscribed and Fully Paid-up Shares:</b>			
54,74,500 (P. Y.54,34,500) Equity Shares of Rs.10/- each fully paid up		54,745.00	54,345.00
	TOTAL	54,745.00	54,345.00

**3.3 Reconciliation of the number of shares outstanding at the beginning and at the end of the year.**

	Number of shares (Nos)		Share Capital (Rs. in '000)	
	31 <sup>st</sup> Mar, 2012	31 <sup>st</sup> Mar, 2011	31 <sup>st</sup> Mar, 2012	31 <sup>st</sup> Mar, 2011
Balance as at beginning of year	5,434,500	4,584,500	54,345.00	45,845.00
Issued During the Year **	40,000	850,000	400.00	8,500.00
Balance as at end of the year	5,474,500	5,434,500	54,745.00	54,345.00

\*\* Issued Equity Shares on conversion of even no. of warrants issued on preferential basis.

**3.4 Terms / rights attached to Equity Shares**

- Fully paid Equity Shares, which have a par value of Rs. 10/-, carry one vote per share and carry a right to dividend.
- Dividend, if recommended by the Board of Directors need approvals from the Shareholders at the Annual General Meeting. The Board of Directors may also declare interim dividends if in their judgement the position of the Company justifies.
- During the year ended 31<sup>st</sup> March, 2012, the amount of per share dividend recognised as Re 0.80 (31<sup>st</sup> March, 2011 Re. 0.80)
- In the event of winding up / liquidation of the Company, the holder of Equity Shares will be entitled to receive a residual interest in proportion to the number of shares held by them at that time in the assets of the Company after deducting all of liabilities of the Company.

**3.5 List of shareholders who holds more than 5% of Equity Shares in the Company:**

Name of the shareholders	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	(Nos)	%	(Nos)	%
Pravinchandra B. Shah HUF	472,550	8.63%	472,550	8.70%
Vipul P. Shah	726,100	13.26%	726,100	13.36%
Mihir V. Shah	960,600	17.55%	731,700	13.46%
	2,159,250	39.44%	1,930,350	35.52%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>4. Reserves and Surplus:</b>			
Capital Reserve		6,277.70	852.70
Securities Premium Account		29,478.00	29,078.00
Capital Reserve on Consolidation		48.20	48.20
General Reserve		9,009.75	9,009.75
Profit and Loss Account		24,153.57	25,243.17
	Total	<u>68,967.22</u>	<u>64,231.83</u>
<b>4.1 Capital Reserve</b>			
As per last Balance Sheet		852.70	852.70
Add : Forfeiture of Application money of Unsubscribed Warrants Issued on preferential issue		5,425.00	-
Balance at the end of the year		<u>6,277.70</u>	<u>852.70</u>
<b>4.2 Securities Premium Account:</b>			
Balance at beginning of the year		29,078.00	20,578.00
Add: Premium received on Equity Shares on conversion warrants issued on preferential basis		400.00	8,500.00
Balance at the end of the year		<u>29,478.00</u>	<u>29,078.00</u>
<b>4.3 General Reserve</b>			
Balance at beginning of the year		9,009.75	9,009.75
Add: Transferred from Profit and Loss Account		-	-
Balance at the end of the year		<u>9,009.75</u>	<u>9,009.75</u>
<b>4.4 Profit and Loss Account</b>			
Balance at beginning of the year		25,243.17	20,721.59
Add: Profit after Tax for the year		5,044.73	9,636.81
Less: Appropriations:			
Tax Adjustments		(1,044.14)	(45.49)
Proposed Dividend - Final		(4,379.60)	(4,347.60)
Corporate Dividend Tax thereon		(710.59)	(722.14)
Balance at the end of the year		<u>24,153.57</u>	<u>25,243.17</u>
<b>5. Money received against share warrants:</b>			

The Company had approved by Postal Ballot process announced on 24<sup>th</sup> July, 2010 to create, offer, issue and allot up to 19,75,000 warrants, convertible into 19,75,000 Equity Shares of Rs. 10/- each on preferential allotment basis, pursuant to section 81(1A) of the Companies Act, 1956, at a conversion price of Rs.20/- per Equity Share (Premium Rs. 10/- per share) of the Company, arrived at in accordance with the SEBI Guidance in this regard and subsequently these warrants were allotted to the promoters and non-promoters. Application money amounting to Rs. 5,625('000) was outstanding as on 31<sup>st</sup> March, 2011. The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 22<sup>nd</sup> February, 2012. In the current year 10,85,000 warrants are not converted into shares within the said period. The Company has forfeited application money amounting to Rs. 5,425('000) towards the warrants not converted before stipulated date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>6. Long term borrowings:</b>			
<b>6.1 Secured Loans</b>			
Loan from Bank		-	-
Loan from Others (Refer Note 12)		<b>292.17</b>	843.18
	Sub Total (A)	<b>292.17</b>	843.18
<b>6.2 Unsecured Loans</b>			
Loan from Bank (Refer Note 12) **		<b>121.26</b>	649.41
Loan from Others (Refer Note 12) **		<b>1108.55</b>	679.86
	Sub Total (B)	<b>1,229.81</b>	1,329.27
	Total (A) + (B)	<b>1,521.97</b>	2,172.45
** Personal Guarantee of Directors			

**Secured Loans from Others**

Rs. 843('000) (Previous Year Rs.1,352('000) secured by hypothecation of vehicles from Tata Capital Ltd. Equal monthly instalments over the period of loan by 3<sup>rd</sup> September, 2013 and carry interest rate of 8 % p.a.

**Unsecured Loans from Banks**

Repayment of loan from Kotak Mahindra Bank Ltd. in monthly scheduled instalments by 1<sup>st</sup> April, 2013 and carry interest rate of 8.86 % p.a.

**Unsecured Loans from Others**

Repayment of loan from Magma Fincorp Ltd. in monthly scheduled instalments by 7<sup>th</sup> May, 2013 and carry interest rate of 7.31 % p.a.

Repayment of loan from Gujrat Industrial Development Ltd. in Quarterly Equal instalments by 30<sup>th</sup> September, 2015 and carry interest rate of 13.5 % p.a.

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>7. Deferred Tax Liability</b>			
<b>Major components of deferred tax are:</b>			
Related to Fixed Assets		<b>845.51</b>	772.24
Business Loss		<b>(427.90)</b>	-
<b>Net Deferred Tax Liability</b>	Total	<b>417.61</b>	772.24
<b>8. Other Long-term Liabilities:</b>			
Payables on purchase of Fixed Assets		<b>1,671.95</b>	1,042.56
Deposit from Dealers		<b>50.00</b>	-
	Total	<b>1,721.95</b>	1,042.56
<b>9. Long-term provisions:</b>			
Provision for Gratuity		<b>274.00</b>	368.58
	Total	<b>274.00</b>	368.58
<b>10. Short-term borrowings:</b>			
(a) Loans repayable on demand			
From banks			
Secured **		<b>62,430.08</b>	58,134.82
	Total	<b>62,430.08</b>	58,134.82

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

The working capital facilities from Banks are secured by way of Hypothication of Stock and Book Debts. The above loans also covered by following collateral securities as under:-

- i) EMDTD of land property & building with machinery/electricals installation situated at Survey no 35, Diwan & Sons Industrial Estate, Palghar.
- ii) Land & Building along with machineries at Plot no.11, Diwan & Sons Industrial Estate, Palghar of M/s Vip Chem Pvt. Ltd.
- iii) Land & Building at Plot no 10 & 16, Diwan & Sons Ind.Est., Palghar of Jayshree Chemicals.
- iv) Also covered in personal guarantee of 2 directors and corporate guarantees of Jayshree Chemicals & Vip Chem P. Ltd.

\*\* Includes Overdraft against Fixed Deposit with bank by Subsidiary.

		(Rs. in '000)	
		<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
<b>11. Trade payables</b>			
Sundry Creditors-other than micro and small enterprises		<b>46,314.55</b>	35,768.94
Acceptances		<b>8,840.12</b>	11,113.34
	Total	<b><u>55,154.66</u></b>	<u>46,882.28</u>
<b>12. Other current liabilities:</b>			
Current maturities of long-term secured loan (See Note 6.1)		<b>551.01</b>	509.04
Current maturities of long-term unsecured loan (See Note 6.2)		<b>1,514.34</b>	1,500.53
Advance from Customers		<b>2,388.40</b>	3,154.83
Unpaid Dividends		<b>781.37</b>	705.57
Duties & taxes		<b>1,575.53</b>	991.54
	Total	<b><u>6,810.65</u></b>	<u>6,861.51</u>
<b>13. Short-term provisions:</b>			
Provision for Tax		<b>2,602.60</b>	4,125.85
Proposed Dividend		<b>4,379.60</b>	4,347.60
Corporate Dividend Tax		<b>710.59</b>	722.14
	Total	<b><u>7,692.79</u></b>	<u>9,195.59</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

## 14. Tangible Assets

(Rs. in '000)

	Freehold Factory Land	Office Premises	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Computer	Office Equipments	Total
Cost or valuation At 1 <sup>st</sup> April, 2010	12,638.66	635.48	4,188.74	24,189.30	1,396.13	2,197.10	938.97	909.86	47,094.24
Additions	1,314.63	-	-	2,262.35	172.68	2,097.92	165.58	131.68	6,144.84
Disposals	-	-	-	-	-	-	-	110.27	110.27
At 31 <sup>st</sup> March, 2011	13,953.28	635.48	4,188.74	26,451.65	1,568.81	4,295.02	1,104.55	931.27	53,128.81
Additions	2,087.57	-	610.72	6,018.04	39.97	-	296.28	212.97	9,265.54
Disposals	-	-	-	-	-	-	-	-	-
At 31 <sup>st</sup> March, 2012	16,040.85	635.48	4,799.45	32,469.69	1,608.78	4,295.02	1,400.83	1,144.24	62,394.35
Depreciation At 1 <sup>st</sup> April, 2010	-	45.04	3,026.32	15,842.67	655.32	1,278.78	717.93	633.14	22,199.22
Charge for the year	-	29.522	116.24	1,336.93	145.58	510.07	119.22	55.65	2,313.22
Disposals	-	-	-	-	-	-	-	38.50	38.50
At 31 <sup>st</sup> March, 2011	-	74.56	3,142.56	17,179.61	800.90	1,788.85	837.15	650.29	24,473.93
Charge for the year	-	28.05	132.35	1,593.50	142.49	648.85	178.53	69.73	2,793.49
Disposals	-	-	-	-	-	-	-	-	-
At 31 <sup>st</sup> March, 2012	-	102.61	3,274.91	18,773.11	943.40	2,437.70	1,015.68	720.02	27,267.42
Net Block									
At 31 <sup>st</sup> March, 2012	16,040.85	532.87	1,524.54	13,696.59	665.38	1,857.32	385.15	424.23	35,126.93
At 31 <sup>st</sup> March, 2011	13,953.28	560.92	1,046.17	9,272.04	767.91	2,506.17	267.40	280.99	28,654.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

	31 <sup>st</sup> March 2012	(Rs. in '000) 31 <sup>st</sup> March 2011
<b>15. Non-current Investments:</b>		
<b>(Fully Paid Up, at Cost)</b>		
<b>Trade Investments:</b>		
<b>Investments in Equity Instruments</b>		
Government Securities (Unquoted) (Deposited with Government authorities)	1.00	1.00
<b>Non-trade Investments:</b>		
<b>(a) Investments in Equity Instruments</b>		
Equity Shares (Quoted)	<b>2,746.27</b>	2,663.34
Arvind Mills Ltd.[1000 (Prev.Yr. 1000) Equity shares fully paid of Rs.10/- each]	<b>94.43</b>	94.43
Bodal Chemicals Ltd.[2500 (Prev.Yr. 2500) Equity shares fully paid of Rs.2/- each]	<b>85.35</b>	85.35
Global Offshore Services Ltd. [8400 (Prev.Yr. 8400) Equity shares fully paid of Rs.10/- each]	<b>146.71</b>	146.71
Gujarat State Fertilizers & Chemicals Ltd. [179 (Prev.Yr. 179) Equity shares fully paid of Rs.10/- each]	<b>7.01</b>	7.01
Hotel Leela Ventures Ltd. [1000 (Prev.Yr. 1000) Equity shares fully paid of Rs.2/- each]	<b>54.72</b>	54.72
J S W Energy Ltd. [1250 (Prev.Yr. 1250) Equity shares fully paid of Rs.10/- each]	<b>155.11</b>	155.11
Kiri Industries Ltd.[500 (Prev.Yr. Nil) Equity shares fully paid of Rs.10/- each]	<b>82.93</b>	-
Mafatlal Industries Ltd.[346 (Prev.Yr. 346) Equity shares fully paid of Rs.10/- each]	<b>165.93</b>	165.93
Navin Flourine International Ltd. [346 (Prev.Yr. 346) Equity shares fully paid of Rs.10/- each]	<b>76.95</b>	76.95
NOCIL Ltd.[20,000 (Prev.20,000) Equity shares fully paid of Rs.10/- each]	<b>1,014.70</b>	1,014.70
Novartis India Ltd. [500 (Prev.Yr. 500) Equity shares fully paid of Rs.5/- each]	<b>166.92</b>	166.92
Pricol Ltd. [3000 (Prev.Yr. 3000) Equity shares fully paid of Rs.1/- each]	<b>122.59</b>	122.59
Petronet LNG Ltd.[3000 (Prev.Yr. 3000) Equity shares fully paid of Rs.10/- each]	<b>176.47</b>	176.47
Standard Industires Ltd. [9900 (Prev.Yr. 9900) Equity shares fully paid of Rs.5/- each]	<b>344.30</b>	344.30
Vijaya Bank Ltd.[1000 (Prev.Yr. 1000) Equity shares fully paid of Rs.10/- each]	<b>52.17</b>	52.17
<b>(b) Investments in Debentures:</b>		
Debentures (Quoted)	<b>40.50</b>	40.50
Total	<b>2,787.77</b>	2,704.84

((Rs. in '000))

	Cost		Market Value	
	31 <sup>st</sup> Mar. 2012	31 <sup>st</sup> Mar. 2011	31 <sup>st</sup> Mar. 2012	31 <sup>st</sup> Mar. 2011
Aggregate value of Quoted Investments	2,746.27	2,663.34	2,551.76	2,879.40
Aggregate value of Unquoted Investments	41.50	41.50	-	-
Total	<b>2,787.77</b>	2,704.84	<b>2,551.76</b>	2,879.40



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		(Rs. in '000)	
		31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>16. Long-term Loans and Advances:</b>			
	<b>(Unsecured and considered good)</b>		
	Capital Advances-Related (Refer Note 48)	<b>16,075.00</b>	-
	Deposits with Government Authorities and Others	<b>33,176.46</b>	8,053.26
	Loans and advances to related parties		
	- Subsidiaries (Refer Note 48)	-	-
	- Related Parties (Refer Note 48)	<b>108.18</b>	1,100.42
	Other loans and advances	<b>1,300.00</b>	1,000.00
	Total	<b>50,659.64</b>	10,153.68
<b>17. Other non-current assets:</b>			
	Unamortised Share Issue Expenses	<b>108.00</b>	120.00
	Total	<b>108.00</b>	120.00
<b>18. Inventories</b>			
	(At cost or net realisable value whichever is lower)		
	(a) Raw materials	<b>15,121.65</b>	15,098.48
	(b) Finished goods	<b>9,685.96</b>	6,310.91
	(c) Stock-in-trade	<b>14,459.24</b>	13,655.43
	Total	<b>39,266.85</b>	35,064.81
<b>19. Trade receivables (Unsecured)</b>			
	Considered Good		
	Overdue Trade Receivables	<b>3,525.64</b>	3,436.25
	Trade Receivables	<b>75,530.63</b>	79,598.00
		-	-
	Total	<b>79,056.27</b>	83,034.25
<b>20. Cash and Cash equivalents:</b>			
	Earmarked Balance		
	Unpaid Dividend Account	<b>789.28</b>	713.09
	Balances with Scheduled Bank:		
	In Current Account	<b>2,490.47</b>	10,914.14
	In Fixed deposit	<b>4,566.47</b>	11,669.12
	In EEFC Account	<b>12.92</b>	11.39
	Cash in Hand	<b>426.88</b>	460.94
	Total	<b>8,286.02</b>	23,768.68
	<b>Notes:</b>		
	Fixed deposits with Banks includes:		
	a) Fixed deposit with the banks with maturity period of more than 12 months.	<b>2,158.72</b>	11,669.12
	b) Fixed deposits in Margin Account	<b>4,566.47</b>	5,674.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		31 <sup>st</sup> March, 2012	(Rs. in '000) 31 <sup>st</sup> March, 2011
<b>21. Short-term Loans and Advances:</b>			
(Unsecured and considered good)			
Loans and Advances to Related parties (refer Note no 48 )		<b>9,107.41</b>	38,556.55
Loans and Advances to Employees		<b>31.50</b>	12.50
Prepaid Expenses		<b>170.73</b>	199.80
Balance with Government Authorities			
Excise		<b>3,472.26</b>	4,960.98
MVAT Refund		<b>1,925.79</b>	779.02
Service Tax		<b>1,010.71</b>	547.75
Advance Tax		<b>99.63</b>	119.57
Advances recoverable in cash or kind or for value to be received			
Export Incentive		<b>10,049.63</b>	11,776.18
Advance to Suppliers		<b>16,096.52</b>	8,083.26
Others		<b>144.27</b>	-
	Total	<b>42,108.45</b>	65,035.60
<b>22. Revenue from Operations</b>			
Export sales		<b>2,62,514.44</b>	2,60,402.13
Local sales (Including Excise Duty)		<b>18,020.70</b>	59,506.24
Export incentives		<b>9,759.67</b>	12,734.88
Less:Excise Duty (Dyes and Chemicals)		<b>(1,005.12)</b>	(1,648.76)
	Total	<b>2,89,289.68</b>	3,30,994.50
<b>23. Other Income:</b>			
Interest on Deposit with Banks		<b>582.18</b>	897.48
Dividend on Current Investments (non-trade)		<b>63.50</b>	58.70
Miscellaneous Receipts		<b>2.24</b>	1.46
	Total	<b>647.92</b>	957.64
<b>24. a) Cost of materials consumed (Chemicals &amp; Others)</b>			
Opening Stock		<b>15,021.43</b>	14,309.12
Add: Purchases		<b>27,537.01</b>	33,133.15
Less: Closing Stock		<b>14,847.25</b>	15,021.43
	Total	<b>27,711.19</b>	32,420.84
<b>b) Purchases of Stock-in-Trade</b>			
Dyes and Chemicals		<b>206,773.63</b>	252,103.13
	Total	<b>206,772.63</b>	252,103.13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

		31 <sup>st</sup> March, 2012	(Rs. in '000) 31 <sup>st</sup> March, 2011
<b>25. Changes in Inventories of Stock-in-Trade</b>			
Inventories at the end of the year			
Dyes and Chemicals		<b>24,145.20</b>	19,966.33
	Sub-Total (A)	<b>24,145.20</b>	19,966.33
Inventories at the beginning of the year			
Dyes and Chemicals		<b>19,966.33</b>	12,217.28
	Sub-Total (B)	<b>19,966.33</b>	12,217.28
	(A) -(B)	<b>(4,178.87)</b>	(7,749.06)
<b>26. Employee benefits expense:</b>			
Salaries, Wages, Bonus and Gratuity		<b>6,650.66</b>	5,560.71
Contribution to Provident Fund and Other Funds		<b>51.02</b>	37.40
Employees' Welfare Expenses		<b>229.16</b>	259.07
	Total	<b>6,930.85</b>	5,857.18
<b>27. Finance costs:</b>			
Bank Interest		<b>3,704.86</b>	3,415.55
Bank Charges-Processing Fees		<b>891.94</b>	-
Other Interest		<b>109.94</b>	583.76
	Total	<b>4,706.74</b>	3,998.31
<b>28. Depreciation and Amortization expense</b>			
Depreciation (As per Note 14)		<b>2,793.49</b>	2,313.22
Amortisation of Deferred Revenue Expense		<b>12.00</b>	-
	Total	<b>2,805.49</b>	2,313.22
<b>29. Operating Expenses</b>			
Stores and Spare parts consumed		<b>678.66</b>	766.52
Power and Fuel		<b>5,655.73</b>	5,176.30
Labour & Transport		<b>3,363.90</b>	2,926.40
Repairs & Maintenance		<b>1,809.15</b>	1,193.99
Packing Material		<b>1,255.19</b>	1,315.26
	Total	<b>12,762.63</b>	11,378.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

	31 <sup>st</sup> March, 2012	(Rs. in '000) 31 <sup>st</sup> March, 2011
<b>30. Administrative, Selling and General expenses</b>		
Export Clearing, Freight & Forwarding	4,533.05	4,034.67
Telephone Postage Telegram Expenses	1,157.21	1,124.31
Printing and Stationary	477.73	473.19
Professional & Legal Charges	1,872.94	1,427.14
Travelling Expenses	2,982.14	1,764.94
Insurance Charges	1,862.00	1,312.54
Rent, Rates, Electricity & Warehouse	1,533.42	1,145.97
Donation	369.05	693.00
Auditors Remuneration (Refer Note 33)	246.24	196.03
Bank Charges	1,917.48	1,896.38
Exchange Gain /Loss	4,214.25	(398.59)
Commission	1,706.12	1,692.87
Miscellaneous/ Office Expenses	1,604.95	1,280.59
Sales Promotion/ Exhibition Expenses	880.80	517.35
Bad Debts written off	102.73	558.87
Total	<u>25,460.12</u>	<u>17,719.26</u>
<b>31. Earnings per share:</b>		
The numerators and denominators used to calculate earnings per share:		
Nominal Value of Equity Share	Rs. 10/-	10/-
Net Profit available for Equity shareholders (Rs. In lacs) = (A)	Rs. 5,044.73	9,636.81
Weighted Average number of shares outstanding during the year - (B)	Nos. 5,438,664	4,586,829
Basic and Diluted Earnings Per Share (Rs.) - (A) / (B)	Rs. 0.93	2.10
<b>32. Contingent Liabilities and Commitments:</b>		
<b>(i) Contingent Liabilities</b>		
(a) Income tax matters not acknowledged as debt	54.00	54.00
(b) Dues raised by M.S.E.B which is protested by Company.	250.00	250.00
Total	<u>304.00</u>	<u>304.00</u>
<b>(ii) Commitment</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,000.00	2,500.00
	<u>3,000.00</u>	<u>2,500.00</u>
<b>33. Payments to Auditors for the year</b>		
Auditors' Remuneration & Expenses (including Service Tax)		
(a) As Auditors	202.25	159.94
(b) For Tax Audit	73.03	55.15
(c) Certification and other matters	129.63	78.87
(d) Taxation matters	114.74	109.20
Total	<u>519.66</u>	<u>403.16</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

34. The Sales Tax & Income-Tax Assessments are pending for earlier years. Liabilities in respect of such taxes could not be ascertained.
35. During the previous year, the Company has issued 40,000 (Prev. Yr. 8,50,000) Equity shares of Rs. 10 each issued at a price of Rs. 20/- (including premium of Rs. 10/- each) on conversion of Warrants issued on preferential basis.
36. Export benefits including Central Excise, Advance Licenses and Passbook of Duty Credit to be reconciled with the related evidences and Statements and necessary adjustment if required will be made after reconciliation. Export benefits receivable are valued and certified by the management. However, the actual realisation of the same may significantly differ.
37. The Vipul Dyechem Ltd has deposits of Rs.74 lacs with the Pyrates Phosphates & Chemicals Ltd (PPCL) which is overdue. However, the Company has filed a suit with District Court and for the same District Court has given the ruling in favour of the Company by the way of decree. The Company has now filled an application for the execution of the preferential claim for the decree against PPCL and as per the latest order given by the Honourable High Court Patna, it has been decided that the claim may be considered upon liquidation / disposal of all the assets of PPCL. In view of that, the management has not made any provision for doubtful deposits.
38. Sundry Debtors, Creditors, Loan, Deposits and Advances are subject to reconciliation and confirmation, necessary adjustment if required will be after reconciliation.
39. Some assets of which the Company is beneficial owner are pending for transfer in the name of the Company.
40. No provision has been made in the accounts for diminution in the value of quoted investments by reason of these investments being Long Term Investment and the decline in their value being on account of temporary factors.
41. The liability for gratuity is not accounted on the basis of actuarial valuation. Bonus is accounted on cash basis which is not in conformity with Accounting Standard (AS) 15 (Revised 2005) on Employee Benefits as issued by the Institute of Chartered Accountants of India.
42. In the opinion of the Board of Directors, to the best of their knowledge and belief all the current assets, loans and advances have been stated at realisable value at least of an amount equal to the amount at which they are stated in Balance Sheet.
43. Unpaid Dividend accounts are subject to reconciliation.
44. The Company does not possess information as to which of its suppliers are Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes any amount. However, the Company is regular in making payments to its suppliers and has not received any claim in respect of interest for delayed payment.
45. The outstanding forward exchange contract as on 31<sup>st</sup> March, 2012 entered into by the Company was for USD 278.14 ('000) equivalent to Rs.1387.04 ('000) (Prev. year USD Nil).
46. The entire operations of the Company relate to only one segment viz. Dyes, Chemicals & Intermediates such, there is no separate reportable segment under Accounting Standard (AS) 17 on Segment Reporting.
47. As stipulated in Accounting Standard (AS) 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly management is of the view that no impairment provision is called for in these accounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 48. Related Party Disclosures

As per the Accounting Standard (AS) 18, issued by the Institute of Chartered Accountants of India (ICAI), the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

- I List of Related Parties
- Entities where control exists  
Shree Ambika Naturals Pvt. Ltd.(Formerly Known as Shree Ambika Dye Chem. Pvt. Ltd.)
  - Key Management Personal (KMP)  
Shri Vipul P. Shah  
Dr. S. N. Sahai
  - Relatives of KMP  
Smt. Jaya P. Shah  
Shri. Pravindchandra B. Shah  
Pravindchandra B. Shah HUF  
Vipul P. Shah HUF
  - Other Related Parties (Entities in which (KMP) or their relatives have significant influence)  
Jayshree Chemicals  
Ganesh Tiles & Marble Industries  
Amar Trading Corporation  
J.V.Dye Chem. Pvt. Ltd.  
Jayapriya Chemical Industries Ltd.  
VIP Chem Pvt Ltd.  
Standardcon Pvt.Ltd.

II Transaction with Related Parties & Outstanding Balance as on 31<sup>st</sup> March, 2012

(Rs. in '000)

Nature of transaction	Key Management Personnel	Relatives of KMP	Entities where significant influence
Investment in shares	- (-)	- (-)	- (-)
Purchase /Services	- (-)	144.00 (144.00)	69,775.72 (91,272.19)
Sale/Services	- (-)	- (-)	11,418.21 (30,219.81)
Advance / Loan Given (net)	- (-)	16,075.00 (-2,403.37)	28,323.21 (57,995.14)
Mangerial Remuneration	2,092.00 (1,721.00)	- (-)	- (-)
Balance Receivable	(128.54) (1,091.14)	16,071.65 (23.75)	34,803.55 (39,837.85)

Note : Figures in brackets represent previous year's amount.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

	<b>31<sup>st</sup> March, 2012</b>		<b>31<sup>st</sup> March, 2011</b>	
		<b>%</b>	(Rs. in '000)	<b>%</b>
<b>49. Imported and Indigenous raw material consumed</b>				
Imported	<b>2,773.00</b>	<b>10</b>	10,873	34
Indigenous	<b>24,938.20</b>	<b>90</b>	21,548	66
	<b><u>27,711.20</u></b>	<b><u>100</u></b>	<b><u>32,420.85</u></b>	<b><u>100</u></b>
<b>50. Earning in Foreign Exchange</b>				
Export at F.O.B. Value:				
Dyes/Dyes Intermediates & others	<b>2,62,514.44</b>		2,60,402.13	
	<b><u>2,62,514.44</u></b>		<b><u>2,60,402.13</u></b>	
<b>51. Expenditure in Foreign Currency :</b>				
Commission	<b>1,447.21</b>		1,468.18	
Travelling Expenses	<b>1,210.56</b>		826.43	
Other Expenses	<b>-</b>		326.62	
	<b><u>2,657.77</u></b>		<b><u>2,621.23</u></b>	
<b>52. C.I.F. Value of Imports</b>				
Raw Material & Finished Goods	<b>24,079.63</b>		32,004.10	
Capital goods	<b>2,003.60</b>		-	
	<b><u>26,083.23</u></b>		<b><u>32,004.10</u></b>	

**53.** The Company has presented current financial statement as per revised Schedule VI to the Companies Act, 1956. Consequently, previous year figures are regrouped / re classified to conform to figures of the current year presented as per revised Schedule VI.

**In terms of our report attached.**

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Registration No.108331W

**P. J. Rajani**  
Proprietor  
Membership No.116740

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

**For and on behalf of the Board of Directors**

**Pravinchandra B. Shah**  
Chairman

**Vipul P. Shah**  
Managing Director







# VIPUL DYECHEM LIMITED

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

## PROXY FORM

**ANNUAL GENERAL MEETING - 28<sup>TH</sup> SEPTEMBER, 2012**

Reg. Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

Client ID / DP ID \_\_\_\_\_

I/We, Mr./Mrs/Miss \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being a member/members of **VIPUL DYECHEM LIMITED** hereby appoint

Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ or failing \_\_\_\_\_ him/her

\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us,

on my/our behalf at the **ANNUAL GENERAL MEETING** of the Company, to be held on Friday, the 28<sup>th</sup> day of September, 2012 at 3.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai – 400058 or any adjournment thereof.

Affix  
15 paise  
Revenue  
Stamp

Signed this \_\_\_\_\_ day \_\_\_\_\_ of \_\_\_\_\_ 2012

\_\_\_\_\_  
Signature of Member

Note : This proxy must be deposited at the Registered Office of the Company at 102, Andheri Industrial Estate, Off. Veera Desai Road, Andheri (W), Mumbai - 400 053, not less than 48 hours before the time of the meeting. The Proxy need not be a member of the Company

# VIPUL DYECHEM LIMITED

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

## ATTENDANCE SLIP

**ANNUAL GENERAL MEETING - 28<sup>TH</sup> SEPTEMBER, 2012**

Reg. Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

Client ID / DP ID \_\_\_\_\_

I \_\_\_\_\_

(Name of the attending member / proxy) (IN BLOCK LETTERS) hereby record my presence at the Annual General Meeting of the Company, to be held on Friday, the 28<sup>th</sup> day of September, 2012 at 3.30 p.m. Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai – 400058.

\_\_\_\_\_  
Member's / Proxy's Signature

### Notes :

- Interested Joint Members may obtain Attendance Slips from the Registered Office of the Company.
- Members' / Joint Members' / Proxies are requested to bring the Attendance Slip with them. Duplicate slips will not be issued at the venue.

## BOOK - POST

*If undelivered please return to:*

**VIPUL DYECHEM LIMITED**

102, Andheri Industrial Estate,  
Off Veera Desai Road,  
Andheri (W), Mumbai - 400053.