



VIPUL DYE-CHEM LTD.

ANNUAL REPORT 2007 - 2008

Board of Directors : Mr. Pravinchandra B. Shah Chairman
Mr. Vipul P. Shah Managing Director
Dr. S. N. Sahai Whole Time Director
Mr. R. L. Rathod Whole Time Director
Mr. Arvind J. Patel Director
Mr. Jagdeep Mehta Director
Dr. Anil S. Salvi Director
Mr. Prasannakumar Gawde Director (w.e.f. 31st March 2008)

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

Banker : Vijaya Bank
Mandvi Branch,
Mumbai.

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

Works : Palghar

NOTICE

Notice is hereby given that the next Annual General Meeting of the members of **VIPUL DYE CHEM LIMITED** will be held on Tuesday, the 30th day of September 2008 at 4.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai 400 058 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares for the financial year ended on 31st March 2008.
3. To appoint a director in place of Mr. Jagdeep Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Arvind Patel, who retires by rotation and being eligible, offers himself for re appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Prasannakumar Gawde, who was appointed as an Additional Director of the Company with effect from 31st March 2008 pursuant to Section 260 of the Companies Act, 1956, and holds office up to the date of ensuing Annual General Meeting and in respect of whom Company has received a notice pursuant to Section 257 of the Companies Act 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation as per provisions of the Articles of Association of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Company hereby approves and ratifies the revision in the remuneration of Mr. Vipul P. Shah, Managing Director of the Company with effect from 1st October 2008 for the remaining period of his tenure on such terms and conditions as set out in the Supplementary Agreement to be entered into between the Company and Mr. Vipul P. Shah, a copy of which is placed before this meeting and initialed by the Chairman for the purpose of identification, with the authority to the Board of Directors to alter, vary or modify the terms and conditions of said agreement in such manner as may be required and agreed between the Board and Mr. Vipul P. Shah.

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to execute the said Supplementary Agreement with such modifications and alterations as may be mutually agreed and to do all acts, deeds and things as may be necessary, expedient or desirable to give effect the effect to the above resolution.”

By Order of the Board of Directors

Place : Mumbai
Date : 30th June 2008

P. B. Shah
Chairman

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 of the Notice are annexed hereto and forms part of the Notice.
4. Member/Proxy should bring the attendance slip duly filled in for attending the meeting.
5. The copies of draft supplementary agreements to be entered into with Managing Director and Whole Time Directors, referred to in the Notice and Explanatory Statement are open for inspection by the members at the Registered Office of the Company on any working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 26th September 2008 to Tuesday, 30th September 2008 (both days inclusive).
7. The dividend as may be declared shall be payable to members of the Company whose names appear as beneficial owners as at the end of business hours on 30th September 2008, as per the list furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of the shares held in electronic form and as members on the Register of Members of the Company as at 30th September 2008 after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on 25th September 2008.
8. The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) have advised all listed Companies to mandatorily 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.
9. Shareholders are kindly requested to bring their copy of Annual Report to the meeting.
10. Members are requested to address all correspondences, including dividend mandates, etc. to the Registrar and Share Transfer Agents - Big share Services Private Limited E 2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400072.
11. Any Member seeking information with regard to Accounts is requested to write atleast 7 days before the meeting to enable the company to keep the information ready.
12. At the ensuing Annual General Meeting Mr. Jagdeep Mehta Mr. Arvind Patel retire by rotation, and being eligible offers himself for re-appointment and Mr. Prasannakumar Gawde, who was appointed as Additional Director holds office until ensuing Annual General Meeting, the Company has received a notice from a member proposing his appointment as ensuing Annual General Meeting. The information pertaining to Mr. Jagdeep Mehta, Mr. Arvind Patel and Mr. Prasannakumar Gawde is as follows :

Mr. Jagdeep Mehta is a commerce graduate from Bombay University and is having more than 12 years of experience in the field of Accounts, Finance and Dyes and Chemicals intermediates business. As on date, he does not hold any shares of the Company.

Mr. Arvind Patel is a science graduate having more than forty two years of experience in the line of business of the Company. As on date, he does not hold any shares of the Company.

Mr. Prasannakumar Gawde is a practicing Chartered Accountant. He has a experience of more than 14 years in finance and taxation. He is also director of Sri Adhikari Brothers Television Network Limited. As on date, he does not hold any shares of the Company.

EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956 annexed herewith forming part of this notice)

Item 6:

The Board of Directors of your Company has appointed Mr. Prasannakumar Gawde as an Additional Director of the Company at their meeting held on 31st March 2008. In terms of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, he holds office up to the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director of the Company.

Keeping in view the experience and qualification Mr. Prasannakumar Gawde, your Directors considered it to be in the interest of the Company, if he is appointed as Directors of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

The Directors recommend the resolution to the members for their approval.

None of directors, except Mr. Prasannakumar Gawde is concerned or interested in this resolution.

Item No. 7

Mr. Vipul P. Shah was appointed as Managing Director of the Company on 15th July 2005 for 5 years. In view of his contribution to the Company; and as recommended by the Remuneration Committee, the Board of Directors has considered to revise his remuneration with effect from 1st October 2008, subject to the approval of the members of the Company in their general meeting. The revised terms and conditions for his appointment for remaining tenure is as follows:

1. Remuneration payable:

(a) Salary: Rs. 1,00,000/- per month w.e.f. 1st October 2008 for remaining tenure of his office.

(b) Perquisites:

The Managing Director shall be entitled to the following perquisites in accordance with the Company's policies, practices and procedures over and above the salary:

a) Company based accommodation or house rent allowance.

b) Education allowance.

c) Chauffeur driven Company car.

d) Reimbursement of medical benefit incurred for self and family.

e) Leave travel allowance.

f) Company's contribution to Keyman Insurance Policy, Provident Fund,

g) Superannuation Scheme, benefits of Gratuity, earned leave and encashment of leave as per rules of the Company.

2. Car for use on Company's business, telephone and other communication facilities at residence will not be considered as perquisites.

3. The Company shall reimburse the Managing Director expenses incurred by him for the purpose of the business of the Company in accordance with the Company's policies, practices and procedures.

The revised terms for remuneration, perquisites and allowances as set out above may be treated as an abstract under Section 302 of the Companies Act, 1956.

The Board recommends the resolution for approval by members.

None of the Directors except Mr. P. B. Shah and Mr. Vipul P. Shah, is concerned or interested in the Resolution.

By Order of the Board of Directors

Place: Mumbai
Date : 30th June 2008

P. B. Shah
Chairman

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

DIRECTORS' REPORT

Dear Members,

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

FINANCIAL HIGHLIGHTS:

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

Particulars	(Rs. in lacs)	
	<u>2007 – 2008</u>	<u>2006 – 2007</u>
Turnover	2,033.36	1,414.12
Profit (Before Depreciation, Interest & Taxation)	120.52	86.00
Less: Depreciation	17.03	17.68
Less: Interest	33.47	26.56
Profit before Tax	70.02	41.75
Less: provision for Taxation	20.10	6.50
Profit after Tax	49.92	35.25
Add: Balance brought forward from Previous Year	178.76	167.01
Surplus Available for Appropriation	228.68	202.26
Equity Dividend	26.13	20.09
Tax on Dividend	4.44	3.41
Deferred tax adjustment earlier year	12.04	-
Balance carried to Balance Sheet	<u>186.07</u>	<u>178.76</u>

Operations:

Your Directors are pleased to inform you that the Company has achieved a turnover of Rs. 2033.36 Lacs during the year as compared to Rs. 1414.12 Lacs during the previous year. The Profit before tax has been increased to Rs. 70.02 Lacs from Rs. 41.75 Lacs in the previous year. After considering the provision for taxation of Rs. 20.10 Lacs, your Company has achieved a net profit of Rs. 49.92 Lacs during the year.

Dividend:

Your Directors are pleased to recommend the payment of dividend @ 6% (previous year 6%) for the financial period ended 31st March 2008. The dividend on Equity shares, if approved by the members will be paid to those members whose names appear on the Register of Members on 30th September 2008 and would involve an outflow of Rs. 26.13 Lacs towards dividend and Rs. 4.44 Lacs towards dividend tax, resulting in a total outgo of Rs. 30.57 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. However, the company has accepted a loan from relatives of promoters amounting to Rs. 30,000/-. The outstanding public deposits as on 31st March 2008 was Rs. 30,000/-.

Directors:

In accordance with Articles of Association of the Company, Mr. Jagdeep Mehta and Mr. Arvind Patel, Directors of the Company retire by rotation and being eligible offers themselves for re-appointment.

Mr. Prasannakumar Gawde joined the Board as an Additional Director of the Company w.e.f. 31st March 2008. In terms of provisions of Section 260 of the Companies Act, 1956, and Articles of Association of the Company, he holds the office till the ensuing Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company, proposing the candidature of Mr. Prasannakumar Gawde as a Director of the Company.

Auditors' Report

With regard to observation made by the Auditors' in their report, your Directors' would like to state as under:

1. The Company has a policy of making the payment of leave encashment, gratuity and bonus on cash basis. The Company is taking necessary steps to comply with the provisions of Accounting Standard 15 issued by the Institute of Chartered Accountants of India.
2. The Company has disputed the demand of Rs. 0.55 Lacs raised by the Income Tax Department in respect of Assessment 2002-03 and has made an appeal before the Income Tax Appellate Tribunal, Mumbai.

Auditors:

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

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

Issue of warrants and equity shares on preferential basis

Pursuant to the Special Resolution passed by the members of the Company in their Extra Ordinary General Meeting held on 27th August 2007, the Company issued and allotted 20,00,000 Warrants convertible into even number of Equity Shares of Rs. 10/- each at a price of Rs. 10.50 per share (including premium of Re. 0.50 per share) on 14th September 2007. The Board of Directors in their meeting held on 31st March 2008 has issued and allotted 10,07,000 Equity Shares of Rs. 10/- each by conversion of 10,07,000 warrants out of said 20,00,000 warrants. As on date, 9,93,000 warrants are outstanding for conversion into Equity Shares of the Company.

Directors' Responsibility Statement:

The Directors confirm

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures (except Accounting Standard 15) have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- c) that 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) that they have prepared the annual accounts on a going concern basis.

Corporate Governance Report:

Pursuant to Clause 49 of the listing agreement with the stock exchange, the following have been made a part of the annual report and are attached to this report.

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

Personnel:

The employer employee relation remained cordial throughout the year. The Board places on record its sincere appreciation for the valuable contribution made by employees across all levels of the organization.

Compliance of Section 217 of The Companies Act, 1956:

The provisions of Section 217(1)(e) of the Companies Act, 1956 read together with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy and technology absorption are annexed to this report.

The Company has no employee covered under Section 217 (2A) of the Companies Act, 1956.

The particulars of foreign exchange earnings and outgo for the year under review are annexed to this report.

Acknowledgements:

Your Directors express their gratitude to for assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

By Order of the Board of Directors

Place: Mumbai
Date : 30th June 2008

P. B. Shah
Chairman

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

ANNEXURE TO THE REPORT OF THE DIRECTORS:

ADDITIONAL INFORMATION 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 31ST MARCH 2008.

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 for last 3 years.

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:

	<u>2007 – 2008</u>	<u>2006 – 2007</u>
		(Rs. in lacs)
<u>Foreign Exchange Earned:</u>		
Direct Export	1693.26	1245.70
Others	-	-
<u>Foreign Exchange Used:</u>		
a. CIF Value of Imports	575.05	294.17
b. Foreign Travel & Other Expenses	4.52	5.56

FORM A

FORM FOR DISCLOSING OF PARTICULARS WITH REPORT TO CONSERVATION OF ENERGY

	<u>For the Year Ended March, 2008</u>	<u>For the Year Ended March, 2007</u>
A. POWER AND FUEL CONSUMPTION		
(i) ELECTRICITY		
(a) Purchased Units (KWM)	242800	248022
(b) Total Amounts (Rs.)	971200	892880
(c) Rate per Unit (Rs.)	4.00	3.60
(ii) FUEL OIL (Diesel)		
(a) Qty – Units (LTR)	96930	100720
(b) Total Amount (Rs.)	24,23,262	1762593
(c) Average Rate (Rs.)	25.00	17.50
(iii) OTHERS / INTERNAL GENERATION	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products: Dye intermediates		
(a) Electricity (KWH/KG)	1.02	1.52
(b) Fuel Oil (LTR/KG)	0.41	0.62

MANAGEMENT DISCUSSIONS AND ANALYSIS

1. Industrial Scenario:

Presently the Dyestuffs & Chemical Industries are mainly located at India, China, Korea, Taiwan & only speciality chemicals are being produced in advanced countries such as Europe & USA, specially for the Dyestuffs & the Allied Industries almost 80% of the requirement is presently covered by India and China.

It has been observed by the world that under the pretext of Olympics, Chinese manufacturers have increased the prices of the raw materials by nearly 40-50%. Not only this, supplies were also very irregular and most of the people are of the opinion that it is difficult to do business with China with such kind of scenario. They preferred to pay certain premium to the Indian Companies for the quality and the commitment. So, though China is a big competitor, definitely India is a preferred country all around the globe. Not only this, Chinese Government has scrapped certain export incentives and imposed export duty which has resulted in the increase in the prices of certain chemicals. Their currency is appreciated by nearly 10% in last One Year, making their exports further costlier. So, this is also an added advantage to the industry in India.

Taiwan and Korea have some Dyestuff Industries. But, it is not that significant as their cost of production is much higher compared to India. Indian products are very very competitive against the products coming from these two countries.

In European countries as well as USA, South America, Dyestuffs production is practically zero. Few Chemical Industries of this part of the continents are involved only into the manufacturing of some speciality Products and some Pharmaceutical Products.

2. Risk Factors & Threats:

Risk involved in economics and working of Industries are greatly influenced by the various policies framed 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 behavior with flexibility on the needs of the customers is also taken as an important factor.

If there is any fluctuation in foreign exchange, i.e. if rupee becomes stronger then it's against the interest of any export oriented industry like our's. But this risk can also be taken care with proper forward sells of the exports. However presently with the RUPEE becoming weaker against the Dollar, it is an additional advantage to the Company, as still almost 80% of the turnover is from the exports.

Apart from this, the price of the Crude Oil can also affect the cost of the production, as. The products manufactured by us are all derived from Crude Oil. However Crude Oil price which was nearly USD 150/= Per Barrel is now priced at USD 106/= Per Barrel. Such a steep reduction has helped in the reduction of the cost of certain basic raw materials required in the production of the Company Products. This will also help to enhance the profitability.

So, though presently both Indian currency against Us Dollar and crude oil factors are in favor of the company, these can still be the main threat factors which may impact on our Operating Margins.

3. Utilization of the Products:

Earlier most of the production of the Company was utilized only by the Textile Industries as Textile Dyestuffs were the main production of the company. Not only this, almost 90% of the production was meant for the export. However, since last one year, there has been some deviation in this.

Presently Company is strengthening the marketing net work within India. Certain locations have been identified such as Indore, Shivkashi, Ludhiana, New Delhi, Kolkatta wherein there is a big demand for the Pigments for Paint as well as Printing Ink.

Manufacturing range and the capacity for the Pigments has been increased. Pigments has a very wide application such as Paint, Printing Ink, Plastic, Rubber as well as Textile. With the exposure to such different kinds of industries, Pigments business is always growing compared to the stagnant textile industries. Not only this, since all these industries such as Paint, Printing Ink, etc are doing very well because of the infrastructure development, the profitability by selling our products to such industries is also much better and higher.

So, apart from the increase in the production of Non Textile Products such as Pigments, as mentioned above, there has also been a growth in the sales of the Textile Dyes, especially on the export front. The New Markets have been developed in Latin America, as well as Central America. Profitability is also much better from these countries compared to a very competitive European market. So, though the Indian Textile Industry is very stagnant with the good marketing efforts, Company has successfully increased their sales for the Textile Dyes also.

4. Internal Control and its Adequacy

Team of management 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 : 2000, they use 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 Team of Management are adequate to ensure that all 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.

5. Cautionary Statement

Any statement made in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be a forward looking within the meaning of applicable security 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 & 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

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 seven other directors. Out of these, 3 directors are Executive Directors and four 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 9 (Nine) times on 30th April 2007, 12th June 2007, 31st July 2007, 3rd September 2007, 14th September 2007, 31st October 2007, 21st January 2008, 31st January 2008 and 31st March 2008. As stipulated, the gap between two board meetings did not exceeded four calendar months.

The attendance record of the directors at each board meeting and the last Annual General Meeting held on 29th September 2007 is given below:

Director	Category	No. of Board Meetings Attended	Attendance at previous AGM held on 29th September, 2007	No. of Directorship Held in other Public Companies	Committee position in other Companies	
					Member	Chairman
Shri P. B. Shah	Promoter/ Chairman / Non Executive	9	Present	1	-	-
Shri Vipul P Shah	Promoter/ Managing Director	8	Present	1	-	-
Dr. S.N.Sahai	Whole Time Director	9	Present	1	-	-
Shri R.L. Rathod	Whole Time Director	9	Present	-	-	-
Shri Arvind Patel	Non Executive / Independent Director	1	Not Present	-	-	-
Shri Jagdeep Mehta	Non Executive / Independent Director	8	Present	-	-	-
Dr. Anil Salvi (w.e.f. 12th June 2007)	Non Executive / Independent Director	8	Present	-	-	-
Shri Prasannakumar Gawde (w.e.f. 31st March 2008)	Non Executive / Independent Director	1	N.A.	1	2	-

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.

1. BOARD COMMITTEES

a. Audit Committee

The Committee comprised solely of independent and non-executive directors having financial background and knowledge in the area of business of the Company. The Committee comprises of Dr. Anil S. Salvi (Chairman of the Committee) Shri Arvind Patel and Shri Jagdeep Mehta.

During the year under review, 6 (six) meetings of the Audit Committee were held on 30th April 2007, 31st July 2007, 3rd September 2007, 24th October 2007, 31st January 2008 and 31st March 2008.

The number of meetings attended by each member during the year ended 31st March 2008 is as under:

Name of the member	Designation	No. of Meetings	
		Held	Attended
Dr. Anil S. Salvi (w.e.f. 12th June 2007)	Chairman	5	5
Shri Arvind Patel	Member	6	1
Shri Jagdeep Mehta	Member	6	6
Shri P. B. Shah (upto 12th June 2007)	Member	1	1

The terms of reference of the Committee are wide. The members have access to all the required information from the Company. The brief description of terms of reference 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.

B. Shareholders / Investors Grievance Committee

The composition of the committee is as under:

Name	Designation	Category
Shri P. B. Shah	Chairman	Non-Executive
Dr S. N. Sahai	Member	Whole Time Director
Shri R. L. Rathod	Member	Whole Time Director

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, 7 complaints were received from the shareholders and all the 7 complaints were replied/ resolved to

the satisfaction of the shareholders as on 31st March 2008 and no complaint was pending at the end of the year.

Dr. S. N. Sahai, Whole Time Director is Compliance Officer of the Company.

C. Remuneration Committee

The Company has constituted a Remuneration Committee during the year 2007-08 to decide the remuneration of Key Managerial Personnel.

The composition of the Committee is as under:

Name	Designation	Category
Dr. Anil S. Salvi	Chairman	Independent
Mr. Arvind Patel	Member	Independent
Mr. Jagdeep Mehta	Member	Independent

The details of remuneration paid to the directors during the year ended 31st March 2008 and their shareholding is as follows:

Name of the Directors	Salary & Perquisites	Performance Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares held
Shri P. B. Shah	-	-	-	-	-	2,47,100
Shri V. P. Shah	4,95,000	-	-	-	4,95,000	7,26,100
Dr. S. N. Sahai	2,10,000	-	-	-	2,10,000	-
Shri R. L. Rathod	1,32,000	-	-	-	1,32,000	-
Shri Arvind Patel	-	-	-	-	-	-
Shri Anil S. Salvi	-	-	-	-	-	-
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.

4. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location of the meeting
2006 - 2007	29/09/2007	9.30 a.m.	Vrindavan Banquet Hall, Bhavan's College Main Gate, Dadabhai Road, Andheri (West), Mumbai - 400058.
2005 - 2006	29-09-2006	5.00 p.m.	Verdhman Apartment, 1st Floor, 40, Hanuman Lane Vile Parle (East), Mumbai – 400 059.
2004 - 2005	30-09-2005	4.30 p.m.	102, Andheri Industrial Estate, Off. Veera Desai Road, Andheri (West). Mumbai – 400 053.

Special resolutions passed in last 3 Annual General Meetings:

Date of A.G.M.	Particulars of Special Resolution
29.09.2007	<ol style="list-style-type: none"> 1. For voluntary de-listing of securities from the Delhi Stock Exchange Association Ltd. and Stock Exchange, Ahmedabad. 2. Alteration of Memorandum and Articles of Association of the Company due to increase in Authorised share capital of the Company. 3. Issue of warrants through Preferential Allotment of Equity shares to promoters and others.
29.09.2006	No special resolution was passed.
30.09.2005	For voluntary de-listing of securities from the Delhi Stock Exchange Association Ltd. and Stock Exchange, Ahmedabad.

No Special Resolution was passed through postal ballot during the financial year 2007-08; and no Special Resolution is proposed to be passed through postal ballot at ensuing Annual General Meeting.

5. DISCLOSURES
a) Related party transactions:

During the year under review, besides the transactions reported in Notes to Accounts to the Balance Sheet as at 31st March 2008, there were no other related party transactions with its promoters, directors, management and subsidiaries 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 and senior management personnel 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 March 31, 2008 by the members of the Board and senior management personnel, 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, except AS 15.

e) Disclosures of Risk Management

The Company has the risk assessment and minimises procedures in place and the same has been laid before the Board members from time to time.

f) CEO / CFO Certification

A certification in the terms of Clause 49(v) of the listing agreement from Mr. Vipul P. Shah, Managing Director of the Company, in respect of financial year ended 31st March 2008 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 31st March 2008 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.

6. 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 Mumbai Lakshyadeep.
- c) At present, the Company does not make presentation to institutional investors and Analysts.
- d) The Company has its own website www.vipuldyes.com but at present no results are displayed on the website.
- e) The Management Discussion and Analysis is given separately in this Annual Report.

7. GENERAL INFORMATION FOR SHAREHOLDERS

a) Annual General Meeting

Time : 4.30 p.m.
 Date : 30th September 2008
 Venue : Hotel Karl Residency,
 36, Lalubahi Park Road,
 Andheri (West),
 Mumbai 400 058

b) Financial Calendar : (2008-2009)

Financial year - 1st April 2008 to 31st March 2009
 First quarter results - up to the end of July 2008
 Second quarter result - up to the end of October 2008
 Third quarter result - up to the end of January 2009
 Fourth quarter results - up to the end of April 2009

- c) **Date of Book Closure** : 26th September 2008 to 30th September 2008
- d) **Dividend Payment Date** : On and after 1st October 2008
- e) **Listing on Stock Exchanges** : Bombay Stock Exchange Limited
 The Stock Exchange, Ahmedabad*
 The Delhi Stock Exchange Association Limited*
 (* Applied for de-listing)

The Company has paid the necessary listing fees of the Bombay Stock Exchange Limited for the year 2008 2009.

- 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 Bombay Stock Exchange Limited and BSE Sensex during each month in last financial year are as follows:

Month	Company's shares price at BSE*		BSE Sensex*	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April-07	10.06	8.66	14383.72	12425.52
May-07	12.49	9.15	14576.37	13554.34
Jun-07	11.46	8.80	14683.36	13946.99
Jul-07	10.99	9.35	15868.85	14638.88
Aug-07	12.35	10.00	15542.40	13779.88
Sep-07	24.91	11.00	17361.47	15323.05
Oct-07	19.45	13.50	20238.16	17144.58
Nov-07	18.55	14.45	20204.21	18182.83
Dec-07	23.25	14.60	20498.11	18886.40
Jan-08	36.90	19.10	21206.77	15332.42
Feb-08	25.90	17.10	18895.34	16457.74
Mar-08	24.80	15.40	17227.56	14677.24

* 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, 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 Limited (CSDL) within 15 days.

k) (i) Shareholding pattern as at 31st March 2008:

Sr. No.	Category of Holders	No. of Shares held	% of Shares held
1	Promoter and Promoter group	2,067,600	47.47
2	Mutual Funds/UTI	71,100	1.63
3	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	-	-
4	Venture Capital Funds	-	-
5	FII's	-	-
6	Bodies Corporate	291,272	6.69
7	Individuals		
	< Rs. 1 Lac	985,382	22.62
	> Rs. 1 Lac	880,094	20.21
8	Clearing Member	-	-
9	NRI/OCBs	60,052	1.38
10	Trust	-	-
11	Foreign Corporate Bodies	-	-
	TOTAL	4,355,500	100.00

k) (ii) The Distribution of Shareholding as on 31.03.2008

Distribution of Share holding as on 36.06.2007					
Slab of Shares Holding		Share Holders	Percentage %	Amount Rs.	Percentage %
From	To				
1	500	48	1.39	14,100.00	0.04
501	1000	2,178	63.18	21,77,060	6.50
1001	2000	381	11.05	7,57,110	2.26
2001	3000	132	3.83	3,89,770	1.16
3001	4000	63	1.83	2,47,530	0.74
4001	5000	263	7.63	13,13,270	3.93
5001	10000	179	5.20	15,69,610	4.69
10001	9999999	203	5.89	2,70,16,550	80.68
TOTAL		3,447	100.00	3,34,85,000	100.00

l) Dematerialization of shares and liquidity:

As on 31st March 2008 about 39.07% of the Company Equity Shares have been dematerialized. The equity shares of the Company are actively traded on the Bombay Stock Exchange Ltd., Mumbai.

m) Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity.

Pursuant to the Special Resolution passed by the members of the Company in their Extra Ordinary General Meeting held on 27th August 2007, the Company issued and allotted 20,00,000 Warrants convertible into even number of Equity Shares of Rs. 10/- each at a price of Rs. 10.50 per share (including premium of Re. 0.50 per share) on 14th September 2007. The Board of Directors in their meeting held on 31st March 2008, issued and allotted 10,07,000 Equity Shares of Rs. 10/- each by conversion of 10,07,000 warrants out of said 20,00,000 warrants

As on 31st March 2008, 9,93,000 warrants are outstanding for conversion into Equity Shares of the Company. Upon conversion of these warrants, the issued, subscribed and paid capital of the Company would be Rs. 5,34,85,000 (Rupees Five Crore Thirty Four Lacs Eighty Five Thousand) divided into 53,48,500 Equity Shares of Rs. 10/- each.

n) Registrar and Share Transfer Agents:

Bigshare Services Pvt. Ltd.
E 2, 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

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.
E 2, Ansa Industrial Estate,

Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai 400 072
Tel No. : 022 2847 0652
Fax No. : 022 2847 5207

For general correspondence:
Compliance Officer
Dr. S. N. Sahai
102, Andheri Industrial Estate, Off. Veera Desai Road,
Andheri (West),
Mumbai 400 053
Tel No. : 022 2673 0764/26730304
Fax No. : 022 66916312

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

I, **Vipul P. Shah**, Managing Director of the Company, hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

For **Vipul Dye Chem Limited**

Place : Mumbai
Date : 30th June 2008

Vipul Shah
Managing Director

CERTIFICATE OF COMPLIANCE FROM THE AUDITORS OF THE COMPANY

To the members of **VIPUL DYE CHEM LIMITED**

We have examined the Compliance of the conditions of Corporate Governance by **VIPUL DYE CHEM LIMITED** for the period ended 31st March 2008 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 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 **M/s. J. A. Rajani & Co.**
Chartered Accountants

Place : Mumbai
Date : 30th June 2008

P. J. Rajani
Proprietor
Membership No. : 116740

AUDITOR'S REPORT TO THE MEMBERS OF VIPUL DYE CHEM LIMITED.

1. We have audited the attached Balance Sheet of VIPUL DYE CHEM LIMITED as at 31st March 2008 and also the Profit and Loss Account and 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) *In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standard (AS) except AS 15 on Retirement Benefit (Schedule XVII Note No.B9) referred to in sub-section (3C) of section 211 of the Companies Act, 1956;The impact on Profit is not quantifiable.*
 - e) On the basis of written representation received from directors of the company as at 31st March, 2008 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, subject to note (d) above the said accounts read together with the Significant Accounting Policies and Notes on Accounts schedule XVII 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 31st March 2008;
 - ii) In the case of the Profit and Loss Account, 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

P.J.Rajani
Proprietor
Membership No. 116740

Place: Mumbai
Date : 30th June, 2008.

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

i) In respect of it's Fixed Assets.

Proper records showing full particulars, including quantitative details and situation of fixed assets are maintained. However updating of the same is pending.

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 it's 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 loans, secured or unsecured to companies, firms or other parties covered in register maintained u/s 301 of the Companies Act 1956 during the year and year end balance is Rs.Nil.

The company has not taken loan from companies, firms or other parties covered in register maintained u/s 301 of the Companies Act 1956 except from one party amounting to Rs. 0.30 Lacs and year end balance is Rs. 0.30 Lacs.

The rate of interest and other terms and conditions of loans given and taken by the company are prima facie not prejudicial to the interest of the company as no interest charged or received on any loans taken or given .

Since no stipulation as to recovery of principal as well as payment of interest are made for loans granted and taken, we cannot offer any comments for regularities of payments or overdue amount ,if any.

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) According to the information and explanation given to us the maintenance of Cost records under section 209(1)(d) of the Companies Act 1956 has not been prescribed by Central Government for any of the products of the Company for the year under review.

- ix) According to the record of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education 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.

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.0.55 Lacs 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 any 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 the 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 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

P.J.Rajani
Proprietor
Membership No. 116740

Place: Mumbai
Date : 30th June, 2008.

BALANCE SHEET AS AT 31st MARCH 2008

	Schedule	AS ON 31.3.2008 RS	AS ON 31.3.2007 RS
I SOURCE OF FUNDS:			
A Shareholder's Funds			
Share Capital	I	44,598,150	33,485,000
Reserve and Surplus	II	48,130,551	46,895,753
		<u>92,728,701</u>	<u>80,380,753</u>
B Loan Funds			
Secured Loans	III	51,473,951	35,007,521
Unsecured Loan	III	30,000	30,000
		<u>51,503,951</u>	<u>35,037,521</u>
C Deferred Tax Liabilities			
		896,478	-
TOTAL		<u><u>145,129,129</u></u>	<u><u>115,418,274</u></u>
II APPLICATION OF FUNDS			
A Fixed Assets			
Gross Block		34,521,054	30,562,756
Less: Depreciation		19,029,473	17,325,651
Net Block	IV	<u>15,491,581</u>	<u>13,237,105</u>
B Investments (at cost)			
	V	2,593,719	2,372,086
C Current Assets, Loans and Advances			
Inventories	VI	37,483,042	19,606,462
Sundry Debtors	VII	38,753,814	41,079,898
Cash & Bank Balances	VIII	11,916,225	5,477,691
Loans & Advances	IX	88,553,779	75,567,740
		<u>176,706,860</u>	<u>141,731,790</u>
Less: Current Liabilities & Provisions	X	<u>49,663,031</u>	<u>41,922,707</u>
Net Current Assets		<u>127,043,829</u>	<u>99,809,083</u>
TOTAL		<u><u>145,129,129</u></u>	<u><u>115,418,274</u></u>
NOTES TO THE ACCOUNTS	XVII		

As per our report of even date.
For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
 Proprietor

PLACE : MUMBAI
 DATE : 30th June, 2008

For and on behalf of the Board

P. B. Shah Chairman

V. P. Shah Managing Director

S. N. Sahai Whole Time Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

	Schedule	31.3.2008 RS	31.3.2007 RS
INCOME			
Sales and Income from Operations	XI	203,336,978	141,412,481
Other Income	XI	181,190	1,492,026
TOTAL		203,518,168	142,904,507
EXPENDITURE			
Material Cost Inventory Adjustments	XII	170,501,665	115,534,577
Personnel Cost	XIII	2,049,097	1,581,076
Manufacturing Expenses	XIV	9,730,452	8,350,530
Administrative, Selling & Distribution Exp.	XV	9,184,043	8,838,028
Interest Charges	XVI	3,347,080	2,656,839
Depreciation		1,703,820	1,768,002
TOTAL		196,516,157	138,729,052
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS		7,002,011	4,175,455
PROVISION FOR TAX		2,009,693	650,000
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS		4,992,318	3,525,455
Balance Brought Forward		17,876,000	16,701,091
PROFIT AVAILABLE FOR APPROPRIATION		22,868,318	20,226,546
APPROPRIATIONS			
Dividend		2,613,000	2,009,100
Tax on Dividend		444,130	341,447
Deferred Tax Adjustment Earlier Years		1,203,890	-
Balance Carried Forward		18,607,298	17,876,000
		22,868,318	20,226,546
NOTES TO THE ACCOUNTS	XVII		
E.P.S. (BASIC & DILUTED)		1.15	1.05

As per our report of even date.
For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor

For and on behalf of the Board

P. B. Shah

Chairman

V. P. Shah

Managing Director

S. N. Sahai

Whole Time Director

PLACE : MUMBAI
DATE : 30th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2008

		(Rs. in Thousand)	
		<u>2008</u>	<u>2007</u>
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax & Extra Ordinary Items		7002	4175
Adjustment for:			
Depreciation		1704	1768
Interest Paid		3347	2657
Interest/Dividend Received		(181)	(1,492)
Operating Profit before working Capital charges		<u>11872</u>	<u>7108</u>
Adjustment for:			
Trade & other receivables		(10,660)	(6,612)
Inventories		(17,877)	157
Trade Payables		4,407	8,482
Cash generated from operating activities		<u>(12,258)</u>	<u>9,136</u>
Interest Paid		<u>(3,347)</u>	<u>(2,657)</u>
Net Cash out flow from Operating Activities	(A)	<u><u>(15,605)</u></u>	<u><u>6,479</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(3,958)	(366)
Interest/Dividend Received		181	62
Purchase/ sale of Investments		(222)	(255)
Net Cash used for Investing Activities	(B)	<u><u>(3,999)</u></u>	<u><u>(559)</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase in Capital		11,617	-
Increase of /(Repayment) of Loan Fund		16,466	(2,911)
Dividend Paid		(2,041)	(1,572)
Net Cash out flow from financing Activities	(C)	<u><u>26,042</u></u>	<u><u>(4,483)</u></u>
Net Decrease in Cash & Cash Equivalents	(A+B-C)	<u><u>6,438</u></u>	<u><u>1,437</u></u>
Cash & Cash Equivalents on 01.04.2007		5,478	4,041
Cash & Cash Equivalents on 31.03.2008		11,916	5,478
Net Decrease in Cash & Cash Equivalents during the year		<u><u>6,438</u></u>	<u><u>1,437</u></u>

NOTE: (a) Figures in brackets are Cash out flow
(b) Figures in regrouped/rearranged wherever found necessary.

As per our report of even date.
For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor

For and on behalf of the Board

P. B. Shah

Chairman

V. P. Shah

Managing Director

S. N. Sahai

Whole Time Director

PLACE : MUMBAI

DATE : 30th June,2008

SCHEDULES TO THE BALANCE SHEET AS ON 31st MARCH, 2008

	31.3.2008 RS	31.3.2007 RS
<u>SCHEDULE I</u>		
<u>SHARE CAPITAL</u>		
AUTHORISED :		
60,00,000 (40,00,000) Equity Shares of Rs .10/- each	60,000,000	40,000,000
ISSUED ,SUBSCRIBED & PAID UP		
43,55,500 (33,48,500) Equity Shares of Rs.10/- each	43,555,000	33,485,000
Out of the above 3,80,000 Equity Shares fully paid have been issued as Bonus Shares by Capitalisation of Revaluation Reserve		
Share Application Money -Preferential Issue	1,043,150	-
TOTAL	44,598,150	33,485,000
<u>SCHEDULE II</u>		
<u>RESERVE & SURPLUS</u>		
CAPITAL RESERVE	50,000	50,000
As per last Balance Sheet		
GENERAL RESERVE AS PER BALANCE SHEET	9,009,753	9,009,753
SHARE PREMIUM		
Opening Balance	19,960,000	19,960,000
Add: Premium on issue of shares	<u>503,500</u>	
PROFIT & LOSS APPROPRIATION	18,607,298	17,876,000
TOTAL	48,130,551	46,895,753
<u>SCHEDULE III</u>		
<u>LOANS</u>		
(A) SECURED LOAN FROM BANKERS:		
I (VIJAYA BANK.MANDVI BRANCH)		
1. PACKING CREDIT LOAN	17,463,685	17,483,945
(secured by Hypothecation of goods meant for export)		
2. BILL DISCOUNTING	33,788,649	15,923,673
(Secured by Foreign Bill purchase)		
3. CASH CREDIT / TEMP. BOOK OVERDRAFT	1,300	1,002,663
II MOTOR CAR LOAN	220,317	597,240
	51,473,951	35,007,521
(B) UNSECURED LOANS		
From Shareholders	30,000	30,000
	30,000	30,000
## the above loans also covered by colateral securities as under		
1) EMDTD of landed property & building with machinery/electricals installation situated at Survey no35, Dewan & Sons ond Est.,Palghar- value 111.51 lakhs		
2) Plot no.11, Diwan & Sons Ind.Est.,Palghar of name of M/s Vip Chem P. Ltd. Valued at 22.35 Lakhs		
3) Plot no 16, Plaghar name of Jayshree Chemicals valued at Rs.26.89 laks		
4) Also covered in personal guarantee of 2 directors & Partnership Firm		

SCHEDULES TO THE BALANCE SHEET AS ON 31st MARCH, 2008
SCHEDULE IV
FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1-4-2007	Addition during the year	Deduction	As on 31.3.2008	Up to 31.3.2007	For the year	Adjustment during the year	Up to 31.3.2008	As on 31.3.2008	As on 31.3.2007
Land at Ankleshwar	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	2,500,000
Factory land	850,000	-	-	850,000	-	-	-	-	850,000	850,000
Factory Building	3,925,708	-	-	3,925,708	2,701,506	122,420	-	2,823,926	1,101,782	1,224,202
Plant & Machinery	18,958,779	3,536,945	-	22,495,724	11,891,607	1,150,215	-	13,041,822	9,453,902	7,067,172
Electrical Installation	469,455	-	-	469,455	361,285	15,046	-	376,331	93,124	108,170
Motor Car	2,047,117	-	-	2,047,117	1,006,595	269,392	-	1,275,987	771,130	1,040,522
Air Conditioner	227,930	68,430	-	296,360	174,522	16,428	-	190,950	105,410	53,408
Furniture & Fixture	478,458	245,560	-	724,018	338,605	34,312	-	372,917	351,101	139,853
Computer	615,487	107,363	-	722,850	507,798	69,564	-	577,362	145,488	107,689
Office Equipment	489,822	-	-	489,822	343,735	26,442	-	370,177	119,645	146,087
TOTAL	30,562,756	3,958,298	-	34,521,054	17,325,653	1,703,820	-	19,029,473	15,491,581	13,237,103
	25,416,236	4,802,184	22,115	30,562,756	14,106,023	1,036,394	1,305	15,557,649	13,237,103	9,679,823

SCHEDULES TO THE BALANCE SHEET AS ON 31st MARCH, 2008

	<u>31.3.2008</u> RS	<u>31.3.2007</u> RS
<u>SCHEDULE V</u>		
<u>INVESTMENT (AT COST)</u>		
(A) UNQUOTED		
1. Government Securities	1,000	1,000
(B) QUOTED (NON TRADE)		
Equity Shares Fully Paid	2,452,219	2,230,586
(C) CONVERTABLE DEBENTURES		
In Listed Companies	40,500	40,500
(D) MUTUAL FUND		
ICICI Fusion Fund	100,000	100,000
TOTAL	<u>2,593,719</u>	<u>2,372,086</u>
<u>SCHEDULE VI</u>		
<u>INVENTORIES</u>		
(As taken, valued & certified by Management)		
Stock in Trade (at cost unless otherwise stated)		
Raw Materials	25,443,711	15,792,194
Finished Goods (at cost or net realisable value whichever is lower)	12,039,331	3,814,268
TOTAL	<u>37,483,042</u>	<u>19,606,462</u>
<u>SCHEDULE VII</u>		
<u>SUNDRY DEBTORS</u>		
(Unsecured considered good)		
Outstanding for more than six months	3,380,425	7,280,634
Other Debts	35,373,389	33,799,264
TOTAL	<u>38,753,814</u>	<u>41,079,898</u>
<u>SCHEDULE VIII</u>		
<u>CASH AND BANK BALANCES</u>		
Cash in Hand	459,580	725,870
Balance with schedule Banks		
On Current Accounts	8,256,719	3,076,620
On deposit Account (against L.C margin & guarantees)	3,199,926	1,675,201
TOTAL	<u>11,916,225</u>	<u>5,477,691</u>

SCHEDULES TO THE BALANCE SHEET AS ON 31st MARCH, 2008

	<u>31.3.2008</u>	<u>31.3.2007</u>
	RS	RS
SCHEDULE IX		
<u>LOAN & ADVANCES</u>		
(Unsecured considered goods unless otherwise stated)		
Deposits	8,340,971	8,077,611
Advances receivable in cash or in kind or for value to be received	70,677,335	58,968,808
Unsecured Loan	748,000	643,623
Balance with Govt.	4,381,886	4,502,937
Trade Advances	4,405,587	3,374,761
TOTAL	<u>88,553,779</u>	<u>75,567,740</u>
SCHEDULE X		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>CURRENT LIABILITIES</u>		
Acceptance	15,359,343	10,747,220
Sundry Creditors for Goods	23,256,698	23,646,754
Sundry Creditors for Expenses	3,517,690	3,673,520
Other liabilities	288,923	138,338
Advances from Customers	1,109,488	88,901
Duties & Taxes	150,424	90,362
<u>PROVISIONS</u>		
Provision for Income Tax (Net)	2,051,908	364,013
Dividend Payable	2,915,576	2,109,244
Tax on Dividend	785,576	576,260
Provision for Exp	227,405	488,095
TOTAL	<u>49,663,031</u>	<u>41,922,707</u>

SCHEDULE FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED 31.3.2008
SCHEDULE XI
INCOME

(A) SALES AND INCOME FROM OPERATIONS		
Export sales	169,325,725	124,570,883
Local sales (Including Excise Duty)	27,675,708	12,365,758
Less:Excise Duty	(896,232)	(462,951)
Export incentives	7,231,777	4,938,791
	<u>203,336,978</u>	<u>141,412,481</u>
(B) OTHER INCOME		
Dividend Income	46,719	62,443
Profit on sale of Shares	-	1,429,583
Interest & Others	134,471	-
TOTAL	<u>181,190</u>	<u>1,492,026</u>

SCHEDULES TO THE BALANCE SHEET AS ON 31st MARCH, 2008

	31.3.2008 <u>RS</u>	31.3.2007 <u>RS</u>
SCHEDULE XII		
MATERIAL COST AND INVENTORY ADJUSTMENTS		
Raw Materials Consumed		
Opening stock	15,792,194	13,240,922
Add: Purchases	<u>78,399,221</u>	<u>45,744,019</u>
	94,191,415	58,984,941
Less: Closing stock	<u>25,443,711</u>	<u>15,792,194</u>
	68,747,704	43,192,747
Finished Goods Purchased	109,979,024	69,633,764
Inventory Adjustment		
Stock at Commencement	3,814,268	6,522,334
Less :Stock at close	<u>12,039,331</u>	<u>3,814,268</u>
	(8,225,063)	2,708,066
TOTAL	<u>170,501,665</u>	<u>115,534,577</u>
SCHEDULE XIII		
PERSONNEL COST		
Salaries	843,821	706,352
Bonus	144,115	151,217
Staff Welfare Charges	224,161	223,507
Directors Remuneration	837,000	500,000
TOTAL	<u>2,049,097</u>	<u>1,581,076</u>
SCHEDULE XIV		
MANUFACTURING EXPENCES		
Wages and Processing Charges	1,459,993	1,760,389
Packing Material	1,328,473	717,463
Repairs and Maintenance	637,523	732,829
Power fuel and Electricity Charges	4,152,798	3,638,356
Stores & Factory exp	596,826	260,436
Transport Charges	1,554,839	1,241,057
TOTAL	<u>9,730,452</u>	<u>8,350,530</u>

SCHEDULES TO THE BALANCE SHEET AS ON 31st MARCH, 2008

	<u>31.3.2008</u>	<u>31.3.2007</u>
	RS	RS
<u>SCHEDULE XV</u>		
<u>ADMINISTRATIVE,SELLING AND DISTRIBUTION EXPENSES.</u>		
Export Clearing ,Freight & Forwarding	2,161,549	2,231,348
Telephone Postage Telegram Expenses	658,255	632,682
Advertisement Expenses	101,191	66,971
Printing and Stationary	352,320	330,379
Professional & Legal charges	639,783	463,845
Travelling Expenses	910,093	1,289,092
Insurance Charges	1,572,712	921,783
Membership and Subscription	85,022	103,695
Rent ,Rates, Electricity & Warehouse	658,183	452,598
Donation	315,314	96,420
Auditors Remuneration	115,000	80,000
Bank Charges & Commission	1,524,173	1,756,879
Exchange rate difference	(991,414)	(309,168)
Commission	270,630	160,332
Prior Period Expenditure	-	36,330
Miscellaneous/ Office Expenses	278,441	42,148
Sales Promotion/ Exhibition exp	294,897	215,000
BAD Debts written off	237,894	267,694
TOTAL	<u>9,184,043</u>	<u>8,838,028</u>
<u>SCHEDULE XVI</u>		
<u>INTEREST</u>		
Bank interest	2,961,713	2,492,108
Others	385,367	164,731
TOTAL	<u>3,347,080</u>	<u>2,656,839</u>

SCHEDULE: XVII**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31ST MARCH 2008.****A) SIGNIFICANT ACCOUNTING POLICIES:****I. System Of Accounting:**

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

Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money. 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.

II. 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.

III. Investments:

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

IV. 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.

V. 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.

VI. 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 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.

VII. Deferred Revenue Expenditure:

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

VIII. Retirement Benefits:

The liability for retirement benefits including Gratuity and privilege leave benefits in respect of Employees is accounted for, on cash basis.

IX. Bonus:

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

X. 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.

XI. 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.

XII. 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 reliefs'.

Deferred tax for the year is recognized, on timing differences being the difference between the taxable income 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 in the balance date. Deferred tax assets are recognized and carried forward only if there is reasonable, virtual certainty of its realization.

XIII. 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.

XIV. 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.

XV. 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.

B) NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31ST MARCH 2008.
B1 Contingent Liabilities not provided for in respect of:-

(Amount in Rs. Lacs)

		31.03.2008	31.03.2007
A)	Estimated amount of contract remaining to be executed on Capital account.	4.00	3.50
B)	Bank Guarantees/Counter Guarantee issued.	1.14	1.45
C)	Letter of Credit & Bank Guarantee (Secured with 100% margin pledged with Bank in the form of F.D.R.)	138.98	103.34
D)	Income Tax Assessment Refund/Dues against which Company prefer appeal.	0.54	0.54
E)	Due Raised by M.S.E.B which is protested by Company.	2.50	2.50

B2 The Sales Tax & Income-Tax Assessments are pending for earlier years. Liabilities in respect of such taxes could not ascertained.

B3 Auditor's Remuneration: - (Amount in Rs.)

	2007-2008	2006-2007
Audit Fees	89,888.00	67,416.00
Tax Audit Fees	39,326.00	22,472.00
Certification & Other matter	41,572.00	14,045.00
Taxation Matters	58,427.00	44,944.00
	2,29,213.00	1,48,877.00

- B4** 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.
- B5** 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 favor 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 Honorable 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.
- B6** Sundry Debtors, Creditors, Loan, Deposits and advances are subject to reconciliation and confirmation, necessary adjustment if required will be after reconciliation.
- B7** Some assets of which the company is beneficial owner are pending for transfer in the name of the company.
- B8** 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.
- B9** The Company does not have the policy of providing Encashment of leave and Gratuity due to the employees during the tenure of their service and the same will be accounted on cash basis and the liability on this account is not ascertained. Bonus is also accounted on cash basis.
- B10** The Company does not possess information as to which of its suppliers are ancillary industrial undertakings / Small Scale Industrial undertaking holding permanent registration certificate issued by the Directorate of Industries of a State or Union territory. However, the Company is regular in making payments to its suppliers and has not received any claim in respect of interest for delayed payment.
- B11** For the transaction exceeding Rs.50000/- per annum falling under the provision of section 297 of Companies Act, 1956, we are informed that necessary permission from the concerned authority have not been received till date. Amounts of advance paid are against Trade Transaction.
- B12** In the opinion of the Board of Directors to the best of 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.
- B13** Unpaid Dividend accounts are subject to reconciliation.
- B14** Company is required to have full time Company Secretary u/s 383 A of the Company Act, 1956.
- B15** 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.
- B16** Managerial Remuneration. (Amount in Rs.)

Sr. No.	Name of Directors	Salary & Perquisites	Performance Incentives/Bonus	Total
1	Mr. Vipul P.Shah (Managing Director)	4,95,000/-	-	4,95,000/-
2	Mr. R.L. Rathod (Whole Time Director)	1,32,000/-	-	1,32,000/-
3	Dr. S.N. Sahai (Whole Time Director)	2,10,000/-	-	2,10,000/-

B17 As stipulated in Accounting Standard 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.

B18 The proceeds of the preferential issue of shares received by the Company unutilised at the year end are in Current account of the Company.

B19 Related Party Disclosure as required by Accounting Standard As 18 issued by the Institute of Chartered Accountants of India.

A. Key Management Personal (KMP)

Shri V.P.Shah	Managing Director
Shri R.L.Rathod	Executive Director
Shri S.N.Sahai	Executive Director

B. Relatives of KMP

Jaya P. Shah
P.B. Shah
P.B. Shah HUF

C. Other Related Parties (Entities in which (KMP) or their relatives have significant influence)

Jayshree Chemicals
Ganesh Tiles & Marble Industries
Amar Trading Corporation
Riddhi Sidhi Corporation
J.V.Dye Chem Pvt. Ltd.
Shree Ambica Dye Chem Pvt. Ltd.
Jayapriya Chemical Industries Ltd.
Vip Chem Pvt Ltd.
Standardcon Pvt.Ltd.

TRANSACTION WITH RELATED PARTIES AND OUTSTANDING BALANCE AS ON 31.3.2008.

TRANSACTION DURING THE YEAR	KEY MANAGEMENT PERSONNEL (KMP)	RELATIVE OF KMP	ENTITIES WHERE SIGNIFICANT INFLUENCE
PURCHASE \ SERVICES	-	-	40,454,076 24,827,828
SALES \ SERVICES	-	-	18,450,243 10,490,566
ADVANCE \ LOAN NET	-	- (30,000)	28,178,731 (18,089,359)
REMUNERATION & COMMISSION	837,000 506,500	-	-
BALANCE RECEIVABLE	135,585 -	2,349,618 (2,379,618)	52,218,126 46,043,227

Figures in brackets indicate figure for the previous year.

B20 Earning Per Share (EPS)

Basic and Diluted E.P.S.	2007-2008	2006-2007
Profit for the year after Tax	Rs 49,92,318/-	Rs.35,25,45/-
No. of Equity Share	43,55,500	3,348,500
Face value per share	Rs.10/-	Rs.10/-
E . P . S .	Rs.1.15	Rs.1.05

B21 Accounting for Tax on Income

During the year under review net deferred tax liability amounting to Rs. 9,86,785/- on account of depreciation difference has been recognized by debiting reserve and surplus. Deferred tax liability at the year end comprises of timing difference on account of depreciation.

Additional Information Pursuant to the provisions of Para 3,4C,4D & Part II of Schedule VI of the Companies Act, 1956. (Figures in bracket relate to the previous year)
A. Information in respect of each class of Goods Manufactured

Class of Goods	Licenced Capacity	Installed Capacity	Actual Production
Dyes	N/A**	310.00M.T. (193.00M.T.)	239.77 M.T. (163.14M.T.)

****Notes:**

- The Installed Capacities, Production & Consumption of Raw Materials are as per the certificate give by the management on which the Auditors have relied, being a technical matter.
- Under the Industrial Policy Statement dated 24th July 1991, and the notification issued thereunder, there is no licensing requirement for the Company's product.

B. Particulars of Opening & Closing Stock: -

(Value in Rs.)

	Opening Stock		Closing Stock	
	Qty Kgs.	Value	Qty Kgs.	Value
Dyes & Chemicals	75,542 (97,555)	38,14,268 (65,22,334)	1,05,839 (75,542)	1,20,39,331 (38,14,268)

C. Particulars Purchases: Finished Goods Purchases

(Value in Rs.)

	Qty Kgs.	Value
Dyes & Chemicals	7,28,133 (4,94,600)	10,99,79,024/- (6,90,54,614)

(Value in Rs.)

	Unit	Value
Others	- (3 No.)	- (57,91,50)

D. Particulars of Sales:

(Value in Rs.)

	Qty Kgs.	Value
Dyes & Chemicals	9,51,001 (7,87,253)	19,61,05,201/- (13,56,23,690)

(Value in Rs.)

	Unit	Value
Others	- (2 No.)	- (8,50,000)

E. Consumption of Raw Materials: :

(Value in Rs.)

	Qty Kgs.	Value
Chemicals & Intermediate	15,21,702 (14,36,869)	6,87,47,704/- (4,31,92,747)

F. Value of Percentage of Imported & Indigenous material consumed: (Value in Rs.)

Material	2007-2008		2006-2007	
	Value	%	Value	%
Imported	4,33,11,054/-	63.00%	1,39,61,056/-	32.32%
Indigenous	2,54,36,650/-	37.00%	2,92,31,693/-	67.67%
Total	6,87,47,704/-	100.00%	4,31,92,747/-	100.00%

G. Earning in Foreign Exchange : (Value in Rs.)

Export at F.O.B. Value	2007-2008	2006-2007
Dyes & Dyes Intermediates	16,93,25,725/-	12,45,70,883/-

H. C.I.F. Value of imports: (Value in Rs.)

	2007-2008	2006-2007
Raw Material	5,75,10,183/-	2,94,16,817/-

I. Particulars of expenditure in Foreign Currency (on payment basis)

	2007-2008	2006-2007
Travelling Expenses	4,52,143/-	5,56,593/-

B22 Previous year figures have been regrouped, rearranged and recasted wherever necessary.

As per our report of even date.

For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor

For and on Behalf of Board

P. B. SHAH Chairman
V. P. SHAH Managing Director
S. N. SAHAI Whole Time Director

Place: Mumbai

Date : 30th June, 2008

**ADDITIONAL INFORMATION REQUIRED VIDE NOTIFICATION GSR 388(E) DATED 15.5.95
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
1 Registration Details

Registration No.	:	15857	STATE CODE	:	11
Balance Sheet Date	:	Date	Month	Year	
		31	3	2008	

2 Capital raised during the year (Amount in Rs.Thousand)

Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Issue	:	NIL

3 Position of Mobilisation and Development of Funds (Amount in Rs.Thousand)

Total Liabilities	:	145,129	Total Assets	:	145,129
SOURCES OF FUNDS					
Paid up Capital	:	44,598	Reserve & Surplus	:	49,027
Secured Loans	:	51,474	Unsecured Loan	:	30
APPLICATION OF FUNDS					
Net Fixed Assets	:	15,492	Investments	:	2,594
Net Current Assets	:	127,044	Misc. Expenditure	:	-
Accumulated Losses	:	-			

4 Performance of Company (Amount in Rs.Thousand)

Turnover	:	203,337	Total Expenditure	:	196,335
Profit/(Loss) Before Tax	:	7,002	Profit/(Loss) After Tax	:	4,992
Earning Per Share in Rs.	:	1.15	Dividend Rate %	:	6%

5 Generic Names of Three Principal Products/Service of Company

Item Code No.	:	32.04
Product Description	DYE INTERMEDIATES	

For and on behalf of the Board

P. B. Shah Chairman

V. P. Shah Managing Director

S. N. Sahai Whole Time Director

PLACE : MUMBAI
DATE : 30th June 2008

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VIPUL DYE CHEM LIMITED

Registered Office:

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

PROXY FORM

ANNUAL GENERAL MEETING 30th SEPTEMBER 2008

Reg.Folio No..... No. of Shares.....

Client DP ID No.

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

Of in the district of

.....being a member/members of **VIPUL DYE CHEM LIMITED** hereby appoint

Mr./Mrs./Miss.....of.....

in the district of or failing him

..... 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 Tuesday, the 30th day of September 2008 at 4.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai 400 058 or any adjournment thereof.

Signed this day of 2008

Re. 1/- Revenue Stamp

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.

VIPUL DYE CHEM LIMITED

Registered Office:

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

(To be filled in by Proxy attending instead of the Member)

ATTENDANCE SLIP

Reg.Folio No..... No. of Shares.....

Client DP ID No.

Name of the attending Member (IN BLOCK LETTERS)

.....

Name of the Proxy (IN BLOCK LETTERS) I hereby record my presence at the Annual General Meeting of the Company, to be held on Tuesday, the 30th day of September 2008 at 4.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai 400 058.

Members'/Proxy 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 Slips with them. Duplicate slips will not be issued at the venue.

BOOK-POST

If undelivered please return to:

VIPUL DYE CHEM LIMITED

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

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Vipul Dye Chem Limited

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

Dear Sirs,
FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND
For shares held in physical form.

Master Folio No.

FOR OFFICE USE ONLY	
ECS	<input style="width: 100%;" type="text"/>
Ref No.	<input style="width: 100%;" type="text"/>

For shares held in electronic form

DP ID

Client ID

Name of Sole / First holder	<input style="width: 100%;" type="text"/>										
Bank Name	<input style="width: 100%;" type="text"/>										
Branch Name	<input style="width: 100%;" type="text"/>										
Branch Code	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td> </tr> </table> <p>(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.</p>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		

Account type [Please Tick (v) wherever applicable]	Savings	Current	Cash Credit
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A/c No. (as appearing in the cheque book)

Effective date of this mandate

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, the Company/Karvy Computershare Private Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Gitanjali Gems Limited. I further undertake to inform the Company any change in my Bank/branch and account number.

Dated : _____ _____ (Signature of Sole / First holder)

1. Whenever the Shares in the given folio entirely dematerialized, then this ECS mandate form will stand rescinded.
2. For shares held in dematerialized mode nomination is required to be filed with the Depository Participant in their prescribed form.