



**VIPUL DYE-CHEM LTD.**

**ANNUAL REPORT 2008 - 2009**

**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

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

**Banker** : Vijaya Bank  
Mandvi Branch,  
Mumbai.

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

**Works** : Palghar

## NOTICE

**Notice** is hereby given that the next Annual General Meeting of the members of **VIPUL DYE CHEM LIMITED** will be held on Friday, the 25<sup>th</sup> day of September 2009 at 2.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai - 400058 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 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 31<sup>st</sup> March 2009.
3. To appoint a Director in place of Mr. P. B. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. L. Rathod, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**By Order of the Board of Directors**

Place : Mumbai  
Date : 30<sup>th</sup> June 2009

**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 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 Monday, 21<sup>st</sup> September 2009 to Friday, 25<sup>th</sup> September 2009 (both days inclusive).
4. 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 25<sup>th</sup> September 2009, as per the list to be 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 25<sup>th</sup> September 2009 after giving effect to valid transfers in respect of transfer request lodged with the Company or Registrar and Share Transfer Agent on or before the close of business hours on 20<sup>th</sup> September 2009.
5. The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) have advised all listed companies mandatorily to use the Electronic Clearing Service (ECS) facility wherever possible for dividend payment to the shareholders. In view of this stipulation, the Company proposes to implement the ECS facility. Members who wish to avail the ECS facility may provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts.
6. Shareholders are kindly requested to bring their copy of Annual Report to the meeting.

7. Members are requested to address all correspondences, including ECS mandates, etc. to the Registrar and Share Transfer Agents - Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072
8. Any Member seeking information with regard to accounts are requested to write atleast 7 days before the meeting to enable the company to keep the information ready.
9. At the ensuing Annual General Meeting, Mr. P. B. Shah and Mr. R. L. Rathod retire by rotation, and being eligible offer themselves for re-appointment.

*Brief resume of directors being re-appointed:*

**Mr. P. B. Shah** who is a promoter Director and Chairman of the Company is a Science Graduate, with over 42 years experience in the Dyestuff and Chemical Business. He is also director in Vipchem Pvt. Ltd., Jayapriya Chemical Industries Ltd, J.V. Dye Chem Pvt. Ltd. and Standardcon Pvt. Limited. He holds 247100 equity shares of the Company.

**Mr. R. L. Rathod** is M.Sc. (Organic Chemistry) from Pune University, Pune. He has more than 42 years experience in the field of Organic Chemicals. He is also director in Sri Ambika Dyechem Pvt. Ltd. He does not hold any equity shares of the Company.

## 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 2009.

### Financial highlights:

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

Particulars	2008 – 2009	2007 – 2008
Turnover	<b>2,360.68</b>	2,033.36
Profit (Before Depreciation, Interest & Taxation)	<b>145.01</b>	120.52
Less: Depreciation	<b>19.86</b>	17.03
Less: Interest	<b>47.70</b>	33.47
Profit before Tax	<b>77.45</b>	70.02
Less: Provision for Taxation	<b>24.94</b>	20.10
Profit after Tax	<b>52.51</b>	49.92
Add: Balance brought forward from Previous Year	<b>186.07</b>	178.76
Surplus Available for Appropriation	<b>238.58</b>	228.68
Proposed Dividend	<b>27.51</b>	26.13
Tax on Dividend	<b>4.25</b>	4.44
Deferred tax adjustment earlier year	<b>6.52</b>	12.04
Balance carried to Balance Sheet	<b>200.30</b>	186.07

### Operations:

Your Directors are pleased to inform you that the Company has achieved a turnover of Rs. 2360.68 Lacs during the year as compared to Rs. 2033.36 Lacs during the previous year. The Profit before tax has been increased to Rs. 77.45 Lacs during the year from Rs. 70.02 Lacs in the previous year. After considering the provision for taxation of Rs. 24.94 Lacs (previous year 20.10 Lacs), your Company has achieved a net profit of Rs. 52.51 Lacs (previous year 49.92 Lacs) during the year.

### Dividend:

Your Directors are pleased to recommend the payment of dividend @ Re. 0.60 (6%) (previous year Re. 0.60 (6%)) for the financial year ended 31<sup>st</sup> March 2009. 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 25<sup>th</sup> September 2009 and would involve an outflow of Rs. 27.51 Lacs towards dividend and Rs. 4.25 Lacs towards dividend tax, resulting in a total outflow of Rs. 31.76 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:

In accordance with Articles of Association of the Company, Mr. P. B. Shah and Mr. R. L. Rathod, Directors of the Company retire by rotation and being eligible offers themselves for re-appointment.

### Auditors' Report

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

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

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

**Issue and allotment of equity shares upon conversion of warrants:**

Your Directors in their meeting held on 13<sup>th</sup> March 2009 issued and allotted 229000 Equity Shares of Rs. 10/- each at a premium of Re. 0.50/- per share upon conversion of 229000 warrants issued on preferential basis. As on 31<sup>st</sup> March 2009, no warrants were outstanding for conversion into equity shares.

**Directors' Responsibility Statement:**

The Directors confirm that

- a) 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) 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 at the end of the financial year and of the profit of the Company for that period;
- 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 together 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.

**Secretarial Compliance Certificate:**

As required under Section 383A of the Companies Act, 1956, Secretarial Compliance Certificate received from M/s. Manish Ghia & Associates, Practicing Company Secretary is annexed to this report.

**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 Report
- 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.

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

**Acknowledgements:**

Your Directors express their gratitude 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.

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

**Place: Mumbai**  
**Date : 30<sup>th</sup> June 2009**

**P. B. Shah**  
**Chairman**

**ANNEXTURE 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 2009:

**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 5 years.

<b>FORM - A</b>		
	<b>2008-2009</b>	2007-2008
<b>A. POWER AND FUEL CONSUMPTION</b>		
(i) ELECTRICITY		
(a) Purchased Units (KWM)	242800	248022
(b) Total Amount (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>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Products: Dye intermediates		
(a) Electricity (KWH/KG)	1.02	1.52
(b) Fuel Oil (LTR/KG)	0.41	0.62

**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>2008-2009</b>	2007-2008
<b>Foreign Exchange earned:</b>		
Direct Export	<b>2025.78</b>	1693.25
Others	-	-
<b>Foreign Exchange used:</b>		
a. CIF value of imports	<b>205.78</b>	575.05
b. Foreign travel and other expenses	<b>6.34</b>	4.52
c. Commission	<b>10.82</b>	

**FORM**  
[SEE RULE 3]**Compliance Certificate**

Corporate Identification No. : L24110MH1972PLC015857  
Authorised Share Capital : Rs. 6,00,00,000/-

To,  
The Members,  
**Vipul Dyechem Limited**  
102, Andheri Industrial Estate,  
Off. Veera Desai Road, Andheri (West),  
Mumbai 400 053

We have examined the registers, records, books and papers of **Vipul Dyechem Limited (the Company)** as required to be maintained under the Companies Act, 1956, **(the Act)** and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March 2009 (financial year)**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in Annexure `A' to this certificate, as per the provisions of the Act and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies, Maharashtra within the time prescribed under the Act and the rules made under. The Company has paid necessary additional fee for the documents filed after the time prescribed under the act. The Company has not filed any form or return with the Regional Director, Central Government, Company Law Board or other authorities under the Act.
3. The Company, being a public limited Company, has minimum prescribed paid-up capital. As on 31<sup>st</sup> March 2009, the paid up capital of the Company was Rs. 4,58,45,000/- (Rupees Four Crore Fifty Eight Lacs Forty Five Thousand only). The restrictive provisions of Section 3(1)(iii) of the Act are not applicable.
4. The Board of Directors duly met 7 (seven) times on 28<sup>th</sup> April 2008, 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 1<sup>st</sup> September 2008, 25<sup>th</sup> October 2008, 30<sup>th</sup> January 2009 and 13<sup>th</sup> March 2009 and as per information and explanations given by the management proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were passed by the Company during the financial year.
5. The Company closed its Register of Members from 26<sup>th</sup> September 2008 to 30<sup>th</sup> September 2008 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31<sup>st</sup> March 2008 was held on 30<sup>th</sup> September 2008 as per information and explanation given by the management, the company has given adequate notice to the members of the company and the resolutions passed there at were duly recorded and signed in the Minutes Book maintained for the purpose.
7. No Extra - Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. As per information and explanation given by the management, the Company is in process of filing necessary compounding application for transactions entered into without obtaining prior approval of the Central Government as required under Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling under the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company:
  - i) has delivered all the certificates on allotment of shares and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;



- ii) has deposited the amount of dividend declared in a separate Bank Account on 4<sup>th</sup> October 2008, which is within five days from the declaration of such dividend.
  - iii) has posted warrants for dividends to all the members within a period of 30 days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to the Unpaid Dividend account of the Company with HDFC Bank Ltd.
  - iv) was not required to transfer any amount to Investor Education and Protection Fund.
  - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of director has been duly made during the financial year.
  15. The Company has not appointed any Managing Director / Whole - time Director/ Manager during the financial year.
  16. The Company has not appointed any sole-selling agents during the financial year.
  17. The Company has not obtained necessary approvals of the Regional Director under Section 297 for certain contracts entered into during the financial year.
  18. The directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The Company has issued and allotted 229000 Equity Shares of Rs. 10/- each during the financial year and has complied with the provisions of the Act.
  20. The Company has not bought back any shares during the financial year.
  21. There was no redemption of preference shares or debentures during the financial year.
  22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited / accepted any deposits including any unsecured loans falling within preview of Sections 58A of the Act during the financial year.
  24. The amount borrowed by the Company during the financial year was within limits prescribed under Section 293(1)(d) of the Act.
  25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the registers kept for that purpose.
  26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the financial year.
  27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the financial year.
  28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year.
  29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year.
  30. The Company has not altered its Articles of Association during the financial year.
  31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
  32. The Company has not received any money as security from its employees during the financial year.
  33. The Company has deposited both employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to section 418 of the Act.

**For Manish Ghia & Associates**  
*Company Secretaries*

**Manish L. Ghia**  
Partner  
M. No. ACS : 7254  
C.P. No. : 3531

Place : Mumbai  
Date : 30<sup>th</sup> June 2009

### Annexure - "A"

#### Registers maintained by M/s. Vipul Dyechem Limited

- 1) Register of Members under section 150 of the Companies Act, 1956.
- 2) Index of Members under section 151 of the Companies Act, 1956.
- 3) Register of Share Transfers / transmission.
- 4) Register and Returns under section 163 of the Companies Act, 1956 (including copies of all annual returns prepared under Section 159 & Section 160 of the Companies Act, 1956)
- 5) Register of Directors under section 303 of the Companies Act, 1956.
- 6) Register of Contracts and Disclosure of Directors Interest under section 301 of the Companies Act, 1956.
- 7) Register of Directors shareholdings under section 307 of the Companies Act, 1956.
- 8) Minutes Book of the Meetings of Board of Directors and General Meetings under Section 193 of the Companies Act, 1956.
- 9) Register of Shareholders' / Proxy's Attendance.
- 10) Register of Renewal, Split, Consolidation and Duplicate Share Certificates.
- 11) Register of Charges u/s 143 of the Act.

### Annexure "B"

#### Forms and returns filed by the M/s. Vipul Dyechem Limited during the financial year ended on 31<sup>st</sup> March 2009:

##### A) With the Registrar of Companies, Maharashtra, Mumbai:

Sr. No.	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / N.A.
1	62	621A	Form for submission of documents with the Registrar for compounding of offence u/s 297 of the Companies Act, 1956.	01.04.2008	Yes	N.A
2	32	303(2)	Particulars for appointment of Mr. Prasannakumar Gawde as Additional Director of the Company w. e. f. 31 <sup>st</sup> March 2008	02.04.2008	Yes	N.A
3	2	75(1)	Particulars of allotment of 1007000 Equity Shares of Rs. 10/- each at a premium of Re. 0.50 per share on 31 <sup>st</sup> March 2008.	05.04.2008	Yes	N.A
4	23	192	Particulars for registration of resolution passed by the Board of Directors of the Company in their meeting held on 30 <sup>th</sup> June 2008 for increase in remuneration of Mr. Vipul Shah, Managing Director of the Company.	11.09.2008	No	Yes
5	32	303(2)	Particulars for appointment of Mr. Prasannakumar Gawde as Director of the Company in the Annual General Meeting held on 30 <sup>th</sup> September 2008.	23.10.2008	Yes	N.A
6	23AC & 23ACA	220	Schedule – VI (Annual Accounts) for the Financial year ended 31 <sup>st</sup> March 2008.	25.10.2008	Yes	N.A
7	DIN 3	266E	Intimation of Director Identification Number of Mr. Jaydeep Y. Mehta to the Registrar of Companies.	23.12.2008	Yes	N.A.
8	20B	159	Schedule – V (Annual Return) as on the date of Annual General Meeting i.e. 30 <sup>th</sup> September 2008.	25.12.2008	No	Yes

**B) With the Office of the Regional Director, Western Region Bench at Mumbai : Nil**

**C) With the Office of the Ministry of Corporate Affairs (Central Government), at Delhi : Nil**

**D) With any other Authorities as prescribed under the Act : Nil**

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **1. Industrial Scenario:**

Presently India, China, Korea, Taiwan and Indonesia are the main Producer for the Dyestuffs and Pigments. Manufacturers in Europe & USA have almost shifted the production base to these Asian countries. Main reason for this is the low cost of production and ample manpower within Asian country.

Dyestuff Industry is mainly depending on the textile Industry and presently most of the Asian countries are encouraging their textile business which used to be a core business once upon a time. Including India lot of incentives have been provided to the textile Industries 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 & pollution problems. Today, the global market of dyestuffs, pigments and intermediates is around USD 23.50 Billion with dyestuffs and pigments market is approximately around USD 16.25 Billion and the intermediates is about USD 7.25 Billion. India's share in the Global market is about 7 to 8%.

Today India is the second largest producer of Dyestuff after the China. Though the Chinese products are very cheap and economical, Indian products are always preferred because of the consistent quality. In effect now in China also the cost of production is increasing and hence the price difference between Indian products and the Chinese products is becoming more narrow. So, definitely in the very near future the price difference between Indian products and the Chinese products will no longer exist.

Pigment Industries are depending widely on infrastructure development because the Pigments are used for multiple application like Textile, Paint, Printing Ink, Rubber etc. Here also in Asian countries as well as in Latin American countries there has been substantial growth towards the infrastructure, hence the demand for Pigments are continuously rising.

Presently India's share in the Dyestuffs & Allied Products is hardly 6.5%. But, now because of the shifting of the production, the growth rate of dyestuff industry is nearly 7% and very likely it is going to touch almost 12% by Year 2010.

### **2. 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 infrequent 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.

### **3. 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 has started producing Pigments since last two years. Pigments are utilized widely for Paint and Printing Ink industries. With the increase of application related to printing such as Medias, newspapers, etc., there are huge possibilities for the sales of this product within the Printing Ink Industry and with the growing infrastructure, construction, Automobile Industry, the Paint Industry is also doing well, wherein the Company is selling its products.

**4. 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, Vietnam. Exports to Latin American Countries such as Brazil, Argentina, Colombia & 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.

Now, we are also targeting to develop the domestic sales because in India itself now there is a huge potential because of the infrastructure growth. Products manufactured by our company such as Pigments are very widely used by the Multiple industries as above. So, in a very near future, a strong network for the sales within the domestic market is planned. Profitability is also high as compared to the competitive export market.

**5. 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, 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.

**6. 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 them, 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 Chairman 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 7 (seven) times on 28<sup>th</sup> April 2008, 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 1<sup>st</sup> September 2008, 25<sup>th</sup> October 2008, 30<sup>th</sup> January 2009 and 13<sup>th</sup> March 2009. As stipulated, the gap between two board 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 2008-09 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 previous AGM held on 30 <sup>th</sup> September, 2008	No. of Directorship held in other Public Companies	Committee position in other Companies	
					Member	Chairman
Shri P. B. Shah	Promoter/ Chairman / Non Executive	7	Present	1	-	-
Shri Vipul P Shah	Promoter/ Managing Director	6	Present	1	-	-
Dr. S.N.Sahai	Whole Time Director	7	Present	1	-	-
Shri R.L. Rathod	Whole Time Director	5	Present	-	-	-
Shri Arvind Patel	Independent Director	-	Not Present	-	-	-
Shri Jagdeep Mehta	Independent Director	5	Present	-	-	-
Dr. Anil Salvi	Independent Director	4	Present	-	-	-
Shri Prasannakumar Gawde	Independent Director	4	Present	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.

### 3. 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 Prassannakumar 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> June 2008, 31<sup>st</sup> July 2008, 25<sup>th</sup> October 2008 and 30<sup>th</sup> January 2009.

The number of meetings attended by each member during the year ended 31<sup>st</sup> March 2009 is as under:

Name of the member	Designation	No. of meetings	
		Held	Attended
Shri Prassannakumar 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.

#### 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, 3 complaints were received from the shareholders and all the 3 complaints were replied/ resolved to the satisfaction of the shareholders as on 31<sup>st</sup> March 2009 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 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 31<sup>st</sup> March 2009 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 P. B. Shah	-	-	-	-	-	2,47,100
Shri V. P. Shah	9,90,000	3,16,000*	-	-	13,06,000	7,26,100
Dr. S. N. Sahai	3,30,000	-	-	-	3,30,000	-
Shri R. L. Rathod	1,44,000	-	-	-	1,44,000	-
Shri Arvind Patel	-	-	-	-	-	-
Shri Anil S. Salvi	-	-	-	-	-	-
Shri Jagdeep Mehta	-	-	-	-	-	-
Shri Prasannakumar Gawde	-	-	-	-	-	-

\*Surrender value of Key man insurance policy assigned by the Company in favour of Shri Vipul P. Shah.

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
2007 - 2008	30-09-2008	4.30 p.m.	Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai - 400 058.
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.

**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>
30.09.2008	No special resolution was passed.
29.09.2007	1. For voluntary de-listing of securities from the Delhi Stock Exchange Association Ltd. and Stock Exchange, Ahmedabad.
27.08.2007(E.O.G.M)	1. Alteration of Memorandum and Articles of Association of the Company due to increase in Authorised share capital of the Company. 2. Issue of warrants through Preferential Allotment of Equity shares to promoters and others.
29.09.2006	No special resolution was passed.

No Special Resolution was passed through postal ballot during the financial year 2008-09 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 31<sup>st</sup> March 2009, 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 2009 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 Mr. Vipul P. Shah, Managing Director of the Company, in respect of financial year ended 31<sup>st</sup> March 2009 was placed before the Board.

**g) Review of Director's Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March 2009 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.



#### h) Whistle Blower Policy

The Company has not adopted any formal Whistle 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 / Apana Mahanayak.
- c) At present, the Company does not make 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.

### 7. GENERAL INFORMATION FOR SHAREHOLDERS

#### a) Annual General Meeting

Time	:	2.30 p.m.
Date	:	25 <sup>th</sup> September 2009
Venue	:	Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai - 400 058

#### b) Financial Calendar : (2009-2010)

Financial year	- 1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2010
First quarter results	- up to the end of July 2009
Second quarter result	- up to the end of October 2009
Third quarter result	- up to the end of January 2010
Fourth quarter results	- up to the end of April 2010

c) **Date of Book Closure** : Monday, 21<sup>st</sup> September 2009 to Friday, 25<sup>th</sup> September 2009 (both days inclusive)

d) **Dividend Payment Date** : On and after 30<sup>th</sup> September 2009

e) **Listing on Stock Exchanges** : Bombay Stock Exchange Limited  
The Stock Exchange, Ahmedabad\*  
The Delhi Stock Exchange Association Limited\*

The Company has paid the necessary listing fees of the Bombay Stock Exchange Limited for the year 2009-2010.

\* Applied for de-listing.

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 2008	22.45	14.40	17480.74	15297.96
May 2008	22.90	15.45	17735.70	16196.02
June 2008	17.00	13.00	16632.72	13405.54
July 2008	13.25	10.70	15130.09	12514.02
August 2008	15.59	13.30	15579.78	14002.43
September 2008	14.90	12.24	15107.01	12153.55
October 2008	12.60	11.00	13203.86	7697.39
November 2008	10.46	8.54	10945.41	8316.39
December 2008	10.63	8.84	10188.54	8467.43
January 2009	9.51	8.40	10469.72	8631.60
February 2009	8.40	6.66	9724.87	8619.22
March 2009	6.40	6.10	10127.09	8047.17

\* Source: www.bseindia.com

**i) 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 Limited (CSDL) within 21 days.

**j) Shareholding pattern as at 31<sup>st</sup> March 2009:**

Sr. No.	Category of Holders	No. of Shares held	% of Shares held
1	Promoter and Promoter group	22,96,600	50.09
2	Mutual Funds/UTI	71,100	1.55
3	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	-	-
4	Venture Capital Funds	-	-
5	FII's	-	-
6	Bodies Corporate	2,79,194	6.09
7	Individuals < Rs. 1 Lac > Rs. 1 Lac	9,42,510 9,34,944	20.56 20.40
8	Clearing Member	100	-
9	NRI/OCBs	60,052	1.31
10	Trust	-	-
11	Foreign Corporate Bodies	-	-
	<b>TOTAL</b>	<b>45,84,500</b>	<b>100.00</b>

**The Distribution of Shareholding as on 31.03.2009:**

Slab of Shares Holding		Share Holders	Percentage %	Amount Rs.	Percentage %
From	To				
1	500	101	3.12	25,510	0.06
501	1000	2,000	61.86	1,994,870	4.35
1001	2000	371	11.48	729,450	1.59
2001	3000	123	3.80	359,490	0.78
3001	4000	66	2.04	259,430	0.57
4001	5000	219	6.78	1,091,190	2.38
5001	10000	153	4.73	1,325,770	2.89
10001	9999999	200	6.19	40,059,290	87.38
<b>TOTAL</b>		<b>3,233</b>	<b>100.00</b>	<b>4,58,45,000</b>	<b>100.00</b>

**k) Dematerialization of shares and liquidity:**

As on 31<sup>st</sup> March 2009 about 46.13% of the Company's Equity Shares have been dematerialized. The equity shares of the Company are actively traded on the Bombay Stock Exchange Ltd., Mumbai.

**l) 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 27<sup>th</sup> August 2007, the Company issued and allotted 2000000 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 14<sup>th</sup> September 2007. The Board of Directors in their meetings held on 31<sup>st</sup> March 2008 and 13<sup>th</sup> March 2009 issued and allotted 1007000 and 229000 Equity Shares respectively by conversion of even number of warrants out of said 2000000 warrants. As on 31<sup>st</sup> March 2009, no warrants are outstanding for conversion into equity shares.

**m) 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

**n) Plant:**

Plot No. 11, Survey No. 35,  
Diwan & Sons Industrial Estate,  
Village Aliyali, Palghar

**o) 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

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## 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 : 30<sup>th</sup> June 2009

**Vipul Shah**  
Managing Director

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## 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 year ended 31<sup>st</sup> March, 2009 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

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

Place : Mumbai  
Date : 30<sup>th</sup> June 2009

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**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 31<sup>st</sup> March 2009 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 31<sup>st</sup> March,2009 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 31<sup>st</sup> March 2009;
    - 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

Place: Mumbai  
Date : 30<sup>th</sup> June 2009

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

**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.

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 except dividend distribution tax of Rs. 4.44 Lacs.

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

Place: Mumbai  
Date : 30<sup>th</sup> June 2009

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

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

	Schedule	AS ON 31.3.2009 Rs.	AS ON 31.3.2008 Rs.
<b>I SOURCE OF FUNDS:</b>			
<b>A Shareholder's Funds</b>			
Share Capital	I	45,845,000	44,598,150
Reserve and Surplus	II	50,471,254	48,130,551
		<u>96,316,254</u>	<u>92,728,701</u>
<b>B Loan Funds</b>			
Secured Loans	III	41,867,243	51,473,951
Unsecured Loan	III	-	30,000
		<u>41,867,243</u>	<u>51,503,951</u>
<b>C Deferred Tax Liabilities</b>			
		795,730	896,478
<b>TOTAL</b>		<u><u>138,979,227</u></u>	<u><u>145,129,129</u></u>
<b>II APPLICATION OF FUNDS</b>			
<b>A Fixed Assets</b>			
Gross Block		35,876,260	34,521,054
Less: Depreciation		20,275,219	19,029,473
Net Block	IV	<u>15,601,041</u>	<u>15,491,581</u>
<b>B Investments (at cost)</b>			
	V	2,593,719	2,593,719
<b>C Current Assets ,Loans and Advances</b>			
Inventories	VI	24,240,102	37,483,042
Sundry Debtors	VII	36,688,824	38,753,814
Cash & Bank Balances	VIII	7,748,800	11,916,225
Loans & Advances	IX	86,995,275	88,553,779
		<u>155,673,001</u>	<u>176,706,860</u>
<b>Less: Current Liabilities &amp; Provisions</b>	X	<u>34,888,534</u>	<u>49,663,031</u>
Net Current Assets		<u>120,784,467</u>	<u>127,043,829</u>
<b>TOTAL</b>		<u><u>138,979,227</u></u>	<u><u>145,129,129</u></u>
<b>NOTES TO THE ACCOUNTS</b>	XVII		

As per our report of even date.

**For J. A. Rajani & Co.**  
Chartered Accountants

**P. J. Rajani**  
Proprietor

Place : Mumbai  
Date : 30<sup>th</sup> June, 2009

**For and on behalf of the Board**

**P. B. Shah** Chairman  
**V. P. Shah** Managing Director  
**Dr. S. N. Sahai** Whole Time Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

	Schedule	31.3.2009 Rs.	31.3.2008 Rs.
<b>INCOME</b>			
Sales and Income from Operations	XI	236,068,320	203,336,978
Other Income	XI	1,013,582	181,190
<b>TOTAL</b>		<b>237,081,902</b>	<b>203,518,168</b>
<b>EXPENDITURE</b>			
Material Cost Inventory Adjustments	XII	192,266,001	170,501,665
Personnel Cost	XIII	2,904,803	2,049,097
Manufacturing Expenses	XIV	9,531,154	9,730,452
Administrative, Selling & Distribution Exp.	XV	17,879,022	9,184,043
Interest Charges	XVI	4,770,031	3,347,080
Depreciation		1,985,495	1,703,820
<b>TOTAL</b>		<b>229,336,506</b>	<b>196,516,157</b>
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS		7,745,396	7,002,011
PROVISION FOR TAX		2,494,253	2,009,693
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS		5,251,143	4,992,318
Balance Brought Forward		18,607,298	17,876,000
PROFIT AVAILABLE FOR APPROPRIATION		<b>23,858,441</b>	<b>22,868,318</b>
<b>APPROPRIATIONS</b>			
Dividend		2,750,700	2,613,000
Tax on Dividend		424,983	444,130
Deferred Tax Adjustment Earlier Years		651,957	1,203,890
Balance Carried Forward		20,030,801	18,607,298
		<b>23,858,441</b>	<b>22,868,318</b>
<b>NOTES TO THE ACCOUNTS</b>	XVII		
E.P.S. (BASIC & DILUTED)		1.21	1.15

As per our report of even date.

**For J. A. Rajani & Co.**  
Chartered Accountants

**P. J. Rajani**  
Proprietor

Place : Mumbai  
Date : 30<sup>th</sup> June, 2009

**For and on behalf of the Board**

**P. B. Shah** Chairman  
**V. P. Shah** Managing Director  
**Dr. S. N. Sahai** Whole Time Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2009**

		(Rs. in Thousand)	
		<u>2009</u>	<u>2008</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax & Extra Ordinary Items		7,746	7,002
Adjustment for:			
Depreciation		1,985	1,704
Interest Paid		4,770	3,347
Interest/Dividend Received		(1,014)	(181)
Operating Profit before working Capital charges		<u>13,487</u>	<u>11,872</u>
<b>Adjustment for:</b>			
Trade & other receivables		3,623	(10,660)
Inventories		13,243	(17,877)
Trade Payables		(18,174)	4,610
Cash generated from operating activities		<u>12,179</u>	<u>(12,055)</u>
Interest Paid		(4,770)	(3,347)
Net Cash out flow from Operating Activities	(A)	<u><u>7,409</u></u>	<u><u>(15,402)</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(2,060)	(3,958)
Interest/Dividend Received		1,014	181
Purchase/ sale of Investments		0	(222)
Net Cash used for Investing Activities	(B)	<u><u>(1,046)</u></u>	<u><u>(3,999)</u></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in Capital		2,164	11,617
Increase of /(Repayment) of Loan Fund		(9,637)	16,466
Dividend Paid		(3,057)	(2,244)
Net Cash out flow from financing Activities	(C)	<u><u>(10,530)</u></u>	<u><u>25,839</u></u>
Net Decrease in Cash & Cash Equivalents	(A+B-C)	<u><u>(4,167)</u></u>	<u><u>6,438</u></u>
Cash & Cash Equivalents on 01.04.2007		11,916	5,478
Cash & Cash Equivalents on 31.03.2008		7,749	11,916
Net Decrease in Cash & Cash Equivalents during the year		<u><u>(4,167)</u></u>	<u><u>6,438</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

Place : Mumbai  
Date : 30<sup>th</sup> June,2009

**For and on behalf of the Board**

**P. B. Shah** Chairman  
**V. P. Shah** Managing Director  
**Dr. S. N. Sahai** Whole Time Director

**SCHEDULES TO THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2009**

	<u>31.3.2009</u>	<u>31.3.2008</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>SCHEDULE I</u></b>		
<b><u>SHARE CAPITAL</u></b>		
AUTHORISED :		
60,00,000 (60,00,000) Equity Shares of Rs .10/- each	<u>60,000,000</u>	<u>60,000,000</u>
ISSUED ,SUBSCRIBED & PAID UP		
45,84,500 (43,55,500) Equity Shares of Rs.10/- each	<u>45,845,000</u>	43,555,000
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
<b>TOTAL</b>	<u><b>45,845,000</b></u>	<u><b>44,598,150</b></u>

**SCHEDULE II**  
**RESERVE & SURPLUS**

CAPITAL RESERVE		
Opening Balance	50,000	
Add: Forfeiture of Preferential warrant Application Money	<u>802,700</u>	50,000
	<b>9,009,753</b>	9,009,753
GENERAL RESERVE		
SHARE PREMIUM		
Opening Balance	20,463,500	
Add: Premium on issue of shares	<u>114,500</u>	20,463,500
	<b>20,578,000</b>	20,463,500
PROFIT & LOSS APPROPRIATION	<b>20,030,801</b>	18,607,298
<b>TOTAL</b>	<u><b>50,471,254</b></u>	<u><b>48,130,551</b></u>

**SCHEDULE III**  
**LOANS**

<b>(A) SECURED LOAN FROM BANKERS:</b>		
I (VIJAYA BANK.MANDVI BRANCH)		
1. PACKING CREDIT LOAN	<b>14,439,405</b>	17,463,685
(secured by Hypothecation of goods meant for export )		
2. BILL DISCOUNTING	<b>26,741,671</b>	33,788,649
(Secured by Foreign Bill purchase)		
3. CASH CREDIT / TEMP. BOOK OVERDRAFT	-	1,300
II MOTOR CAR LOAN	<b>686,167</b>	220,317
	<u><b>41,867,243</b></u>	<u><b>51,473,951</b></u>
<b>(B) UNSECURED LOANS</b>		
From Shareholders	-	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 Ind Est.,Palghar
- 2) Land & Building along with Machinerics at Plot no.11, Diwan & Sons Ind.Est.,Palghar of M/s Vip Chem P. Ltd.
- 3) Land & Building at Plot no 10 & 16, Diwan & Sons Ind.Est., Palghar of Jayshree Chemicals
- 4) Also covered in personal guarantee of 2 directors & corporate guarantees of Jayshree Chemicals & Vip Chem P. Ltd.

**SCHEDULES TO THE BALANCE SHEET AS ON 31<sup>st</sup> MARCH, 2009**
**SCHEDULE IV**
**FIXED ASSETS**

(Rs.)

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1-4-2008	Addition during the year	Deduction	As on 31.3.2009	Up to 31.3.2008	For the year	Adjustment during the year	Up to 31.3.2009	As on 31.3.2009	As on 31.3.2008
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
Office Premises	-	458,550	-	458,550	-	14,196	-	14,196	444,354	-
Factory Building	3,925,708	-	32,200	3,893,508	2,823,926	107,690	7,319	2,924,297	969,211	1,101,782
Plant & Machinery	22,495,724	372,948	355,000	22,513,672	13,041,822	1,317,010	110,342	14,248,490	8,265,182	9,453,902
Electrical Installation	469,455	-	-	469,455	376,331	12,953	-	389,285	80,170	93,124
Motor Car	2,047,117	1,235,831	1,085,880	2,197,068	1,275,987	289,537	607,544	957,980	1,239,088	771,130
Air Conditioner	296,360	78,427	-	374,787	190,950	28,593	-	219,543	155,244	105,410
Furniture & Fixture	724,018	536,025	-	1,260,043	372,917	119,462	-	492,379	767,664	351,101
Computer	722,850	84,775	-	807,625	577,362	73,287	-	650,648	156,977	145,488
Office Equipment	489,822	38,707	40,793	487,736	370,177	22,766	14,543	378,400	109,336	119,645
Office Equipment	-	63,816	-	63,816	-	-	-	-	63,816	-
<b>TOTAL</b>	<b>34,521,054</b>	<b>2,869,079</b>	<b>1,513,873</b>	<b>35,876,260</b>	<b>19,029,473</b>	<b>1,985,495</b>	<b>739,748</b>	<b>20,275,219</b>	<b>15,601,041</b>	<b>15,491,581</b>
	30,562,756	3,958,298	-	34,521,054	17,325,653	1,703,820	-	19,029,473	15,491,581	13,237,103

**SCHEDULES TO THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2009**

	<u>31.3.2009</u>	<u>31.3.2008</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE V</b>		
<b><u>INVESTMENT (AT COST)</u></b>		
(A) UNQUOTED Government Securities	1,000	1,000
(B) QUOTED (NON TRADE) Equity Shares Fully Paid	2,452,219	2,452,219
(C) CONVERTABLE DEBENTURES In Listed Companies	40,500	40,500
(D) MUTUAL FUND ICICI Fusion Fund	100,000	100,000
<b>TOTAL</b>	<b><u>2,593,719</u></b>	<b><u>2,593,719</u></b>
<b>SCHEDULE VI</b>		
<b><u>INVENTORIES</u></b>		
(As taken, valued & certified by Management)		
Stock in Trade (at cost unless otherwise stated)		
Raw Materials	15,496,910	25,443,711
Finished Goods (at cost or net realisable value whichever is lower)	8,743,192	12,039,331
<b>TOTAL</b>	<b><u>24,240,102</u></b>	<b><u>37,483,042</u></b>
<b>SCHEDULE VII</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured considered good)		
Outstanding for more than six months	4,576,745	3,380,425
Other Debts	32,112,079	35,373,389
<b>TOTAL</b>	<b><u>36,688,824</u></b>	<b><u>38,753,814</u></b>
<b>SCHEDULE VIII</b>		
<b><u>CASH AND BANK BALANCES</u></b>		
Cash in Hand	359,655	459,580
Balance with schedule Banks		
On Current Accounts	2,202,773	8,256,719
On deposit Account (against L.C margin & guarantees)	5,186,372	3,199,926
<b>TOTAL</b>	<b><u>7,748,800</u></b>	<b><u>11,916,225</u></b>

**SCHEDULES TO THE BALANCE SHEET AS ON 31<sup>st</sup> MARCH, 2009**

	31.3.2009	31.3.2008
	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE IX</b>		
<b><u>LOAN &amp; ADVANCES</u></b>		
(Unsecured considered goods unless otherwise stated)		
Deposits	8,040,971	8,340,971
Advances receivable in cash or in kind or for value to be received	73,169,255	75,082,922
Unsecured Loan	-	748,000
Balance with Govt.	5,785,049	4,381,886
<b>TOTAL</b>	<b><u>86,995,275</u></b>	<b><u>88,553,779</u></b>

**SCHEDULE X**  
**CURRENT LIABILITIES & PROVISIONS**
CURRENT LIABILITIES

Acceptance	6,037,745	15,359,343
Sundry Creditors for Goods	17,522,683	23,256,698
Sundry Creditors for Expenses	3,523,560	3,517,690
Other liabilities	182,628	288,923
Advances from Customers	732,903	1,109,488
Duties & Taxes	530,743	491,870
Unclaimed Dividend	474,735	302,576

PROVISIONS

Provision for Income Tax ( Net )	2,502,222	2,051,908
Provision for Dividend	2,750,700	2,613,000
Tax on Dividend	424,983	444,130
Provision for Exp	205,632	227,405

<b>TOTAL</b>	<b><u>34,888,534</u></b>	<b><u>49,663,031</u></b>
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**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**
**SCHEDULE XI**
INCOME
**(A) SALES AND INCOME FROM OPERATIONS**

Export sales	202,578,159	169,325,725
Local sales (Including Excise Duty)	26,013,355	27,675,708
Less:Excise Duty	(1,094,190)	(896,232)
Export incentives	8,570,996	7,231,777

<b><u>236,068,320</u></b>	<b><u>203,336,978</u></b>
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**(B) OTHER INCOME**

Dividend Income	64,553	46,719
Sales Tax Refund	494,053	-
Interest & Others	454,976	134,471

<b>TOTAL</b>	<b><u>1,013,582</u></b>	<b><u>181,190</u></b>
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**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

	31.3.2009	31.3.2008
	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE XII</b>		
<b>MATERIAL COST AND INVENTORY ADJUSTMENTS</b>		
<b>Raw Materials Consumed</b>		
Opening stock	25,443,711	15,792,194
Add: Purchases	<u>47,086,533</u>	<u>78,399,221</u>
	<u>72,530,244</u>	<u>94,191,415</u>
Less: Closing stock	<u>15,496,910</u>	<u>25,443,711</u>
	<u>57,033,334</u>	<u>68,747,704</u>
<b>Finished Goods Purchased</b>	<b>131,936,528</b>	<b>109,979,024</b>
<b>Inventory Adjustment</b>		
Stock at Commencement	12,039,331	3,814,268
Less :Stock at close	<u>8,743,192</u>	<u>12,039,331</u>
	<u>3,296,139</u>	<u>(8,225,063)</u>
<b>TOTAL</b>	<b><u>192,266,001</u></b>	<b><u>170,501,665</u></b>

**SCHEDULE XIII**  
**PERSONNEL COST**

Salaries	996,717	843,821
Bonus	132,480	144,115
Staff Welfare Charges	311,606	224,161
Directors Remuneration	1,464,000	837,000
<b>TOTAL</b>	<b><u>2,904,803</u></b>	<b><u>2,049,097</u></b>

**SCHEDULE XIV**  
**MANUFACTURING EXPENCES**

Wages and Processing Charges	1,479,757	1,459,993
Packing Material	929,162	1,328,473
Repairs and Maintenance	605,863	637,523
Power fuel and Electricity Charges	4,424,218	4,152,798
Stores & Factory exp	454,268	596,826
Transport Charges	1,637,886	1,554,839
<b>TOTAL</b>	<b><u>9,531,154</u></b>	<b><u>9,730,452</u></b>

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

	<b>31.3.2009</b>	31.3.2008
	<u>Rs.</u>	<u>Rs.</u>
<b><u>SCHEDULE XV</u></b>		
<b><u>ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES.</u></b>		
Export Clearing ,Freight & Forwarding	<b>3,213,443</b>	2,161,549
Telephone Postage Telegram Expenses	<b>752,701</b>	658,255
Advertisement Expenses	<b>91,478</b>	101,191
Printing and Stationary	<b>281,642</b>	352,320
Professional & Legal charges	<b>743,643</b>	639,783
Travelling Expenses	<b>1,483,439</b>	910,093
Insurance Charges	<b>1,561,657</b>	1,572,712
Membership and Subscription	<b>163,682</b>	85,022
Rent ,Rates, Electricity & Warehouse	<b>986,324</b>	658,183
Donation	<b>110,607</b>	315,314
Auditors Remuneration	<b>115,000</b>	115,000
Bank Charges & Commission	<b>1,815,690</b>	1,524,173
Exchange rate difference	<b>4,375,411</b>	(991,414)
Commission	<b>1,174,994</b>	270,630
Miscellaneous/ Office Expenses	<b>616,143</b>	278,441
Sales Promotion/ Exhibition exp	<b>276,493</b>	294,897
BAD Debts written off	<b>116,675</b>	237,894
<b>TOTAL</b>	<b><u>17,879,022</u></b>	<b><u>9,184,043</u></b>
<b><u>SCHEDULE XVI</u></b>		
<b><u>INTEREST</u></b>		
Bank interest	<b>4,399,341</b>	2,961,713
Others	<b>370,690</b>	385,367
<b>TOTAL</b>	<b><u>4,770,031</u></b>	<b><u>3,347,080</u></b>



**SCHEDULE: XVII****NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009.****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 relief's.

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 ENDED 31<sup>ST</sup> MARCH 2009.**
**B1 Contingent Liabilities not provided for in respect of:-**

(Amount in Rs. Lacs)

		31.03.2009	31.03.2008
A)	Estimated amount of contract remaining to be executed on Capital account.	5.00	4.00
B)	Bank Guarantees/Counter Guarantee issued.	-	1.14
C)	Letter of Credit & Bank Guarantee (Secured with 100% margin pledged with Bank in the form of F.D.R.)	-	138.98
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.)

	2008-2009	2007-2008
Audit Fees	88,240.00	89,888.00
Tax Audit Fees	38,605.00	39,326.00
Certification & Other matter	44,386.00	41,572.00
Taxation Matters	1,04,512.00	58,427.00
	2,75,743.00	2,29,213.00

- 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** For the transaction exceeding Rs.5,00,000/- 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.
- B11** 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.
- B12** Unpaid Dividend accounts are subject to reconciliation.
- B13** 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.
- B14** Company is required to have full time Company Secretary u/s 383A 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. (Amt in Rs.)

Sr. No.	Name of Directors	Salary & Perquisites	Performance Incentives/Bonus	Total
1	Mr. Vipul P. Shah (Managing Director)	9,90,000/-	-	9,90,000/-
2	Mr. R. L. Rathod (Whole Time Director)	1,44,000/-	-	1,44,000/-
3	Dr. S. N. Sahai (Whole Time Director)	3,30,000/-	-	3,30,000/-

Insurance amount includes Rs. 7.79 Lacs paid for key man insurance policy of Mr. Vipul P. Shah the Managing Director of the company. During the year the company has assigned one policy with sum assured of Rs. 15 Lacs having surrender value of Rs. 3.16 Lacs to Mr Vipul Shah for no consideration.

**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	Whole Time Director
Dr. S. N. Sahai	Whole Time Director

**B. Relatives of KMP**

Smt. Jaya P. Shah  
Shri 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 31.3.2009**

(Amount in Rs.)

TRANSACTION DURING THE YEAR	KEY MANAGEMENT PERSONNEL (KMP)	RELATIVE OF KMP	ENTITIES WHERE SIGNIFICANT INFLUENCE
PURCHASE / SERVICES	-	-	4,28,30,815 (4,04,54,076)
SALES / SERVICES	-	-	1,86,56,546 (1,84,50,243)
ADVANCE / LOAN NET	-	30,000 (-30,000)	2,42,89,824 (2,81,78,731)
REMUNERATION & COMMISSION	14,64,000 (8,37,000)	-	-
BALANCE RECEIVABLE	(4,42,900) (-1,35,585)	23,79,618 (23,49,618)	5,23,33,680 (5,22,18,126)

Figures in brackets indicate figure for the previous year.

**B20 Earning Per Share (EPS)**

Basic and Diluted E.P.S.	2008-2009	2007-2008
Profit for the year after Tax	Rs 52,51,143	Rs 49,92,318
No. of Equity Share	43,56,127	43,55,500
Face value per share	Rs.10	Rs.10
E . P . S .	Rs.1.21	Rs.1.15

**B21 Accounting for Tax on Income**

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**	310.00 M.T. (310.00 M.T.)	235.28 M.T. (239.77 M.T.)

\*\*Notes:

1. 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.
2. 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	<b>1,05,839</b> (75,542)	<b>1,20,39,331</b> (38,14,268)	<b>97,500</b> (75,542)	<b>87,43,192</b> (1,20,39,331)

**C. Particulars Purchases: Finished Goods Purchases**

(Value in Rs.)

	Qty Kgs.	Value
Dyes & Chemicals	<b>7,34,851</b> (7,28,133)	<b>13,19,36,528/-</b> (10,99,79,024)

**D. Particulars of Sales:**

(Value in Rs.)

	Qty Kgs.	Value
Dyes & Chemicals	<b>10,60,703</b> (7,28,133)	<b>22,74,97,324/-</b> (19,61,05,201)

**E. Consumption of Raw Materials: :**

(Value in Rs.)

	Qty Kgs.	Value
Dyes & Chemicals	<b>13,09,209</b> (15,21,702)	<b>5,70,33,333/-</b> (6,87,47,704)

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

Material	2008-2009		2007-2008	
	Value	%	Value	%
Imported	3,02,48,679/-	53.00%	4,33,11,054/-	63.00%
Indigenous	2,67,84,654/-	47.00%	2,54,36,650/-	37.00%
Total	5,70,33,333/-	100.00%	6,87,47,704/-	100.00%

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

Export at F.O.B. Value	2008-2009	2007-2008
Dyes & Dyes Intermediates	<b>20,25,78,159/-</b>	16,93,25,725/-

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

	2007-2008	2007-2008
Raw Material	<b>2,05,78,112/-</b>	5,75,10,183/-

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

	2008-2009	2007-2008
Travelling Expenses	<b>6,34,091/-</b>	4,52,143/-
Commission	<b>10,82,714/-</b>	-

**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

Place : Mumbai  
Date : 30<sup>th</sup> June, 2009

**For and on behalf of the Board**

**P. B. Shah** Chairman

**V. P. Shah** Managing Director

**Dr. S. N. Sahai** Whole Time Director

**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	2009	

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

Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Issue (Preferential)	:	2,290

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

Total Liabilities	:	138,979	Total Assets	:	138,979
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**SOURCES OF FUNDS**

Paid up Capital	:	45,845	Reserve & Surplus	:	50,471
Secured Loans	:	41,867	Unsecured Loan	:	0

**APPLICATION OF FUNDS**

Net Fixed Assets	:	15,601	Investments	:	2,594
Net Current Assets	:	120,784	Misc. Expenditure	:	-
Accumulated Losses	:	-			

**4 Performance of Company (Amount in Rs.Thousand)**

Turnover	:	237,082	Total Expenditure	:	229,337
Profit/(Loss) Before Tax	:	7,745	Profit/(Loss) After Tax	:	5,251
Earning Per Share in (Rs.)	:	1.21	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

**Dr. S. N. Sahai** Whole Time Director

Place : Mumbai  
Date : 30<sup>th</sup> June 2009

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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 - 25<sup>th</sup> SEPTEMBER 2009**

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 Friday, the 25<sup>th</sup> day of September 2009 at 2.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai - 400058 or any adjournment thereof.

Signed this ..... day ..... of ..... 2009

Re. 1/- Revenue Stamp
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\_\_\_\_\_  
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.

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# VIPUL DYE CHEM LIMITED

**Registered Office:**

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

## ATTENDANCE SLIP

### **ANNUAL GENERAL MEETING - 25<sup>th</sup> SEPTEMBER 2009**

Reg.Folio No.....

No. of Shares.....

Client DP ID No. ....

I, .....  
(Name of the attending member / proxy) hereby record my presence at the Annual General Meeting of the Company, to be held on Friday, the 25<sup>th</sup> day of September 2009 at 2.30 p.m. at Hotel Karl Residency, 36, Lalubhai Park Road, Andheri (West), Mumbai - 400058.

\_\_\_\_\_  
Member's/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.