VIDHI

Date: October 10, 2018

To,

The Manager, Department of Corporate Services (DCS-Listing) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 531717	The Manager, Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Symbol: VIDHIING

Dear Sir,

Ref.: Company Code: BSE – 531717, NSE Symbol: VIDHIING
Sub: Annual Report for the financial year 2017-18

Dear Sir,

In pursuance of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, please find enclosed herewith the Annual Report for the financial year 2017- 2018 containing *inter-alia* the Notice convening the 25th Annual General Meeting (AGM) held on Friday, September 28, 2018, Board's Report with the relevant enclosures, Audited Financial Statements, Report on Corporate Governance, Management Discussion and Analysis, Auditors' Report, etc. for the financial year 2017-2018. All the resolutions set out in the Notice of 25th AGM were duly approved by the Members of the Company with requisite majority. The soft copy of the Annual Report is available on the Company web-site: www.vidhifoodcolour.com

Kindly place the same on your record.

Yours sincerely,
For Vidhi Specialty Food Ingredients Limited,

Vidhi Specialty Food Ingredients Limited (Formerly known as Vidhi Dyestuffs Mfg. Ltd.) MUMBAI

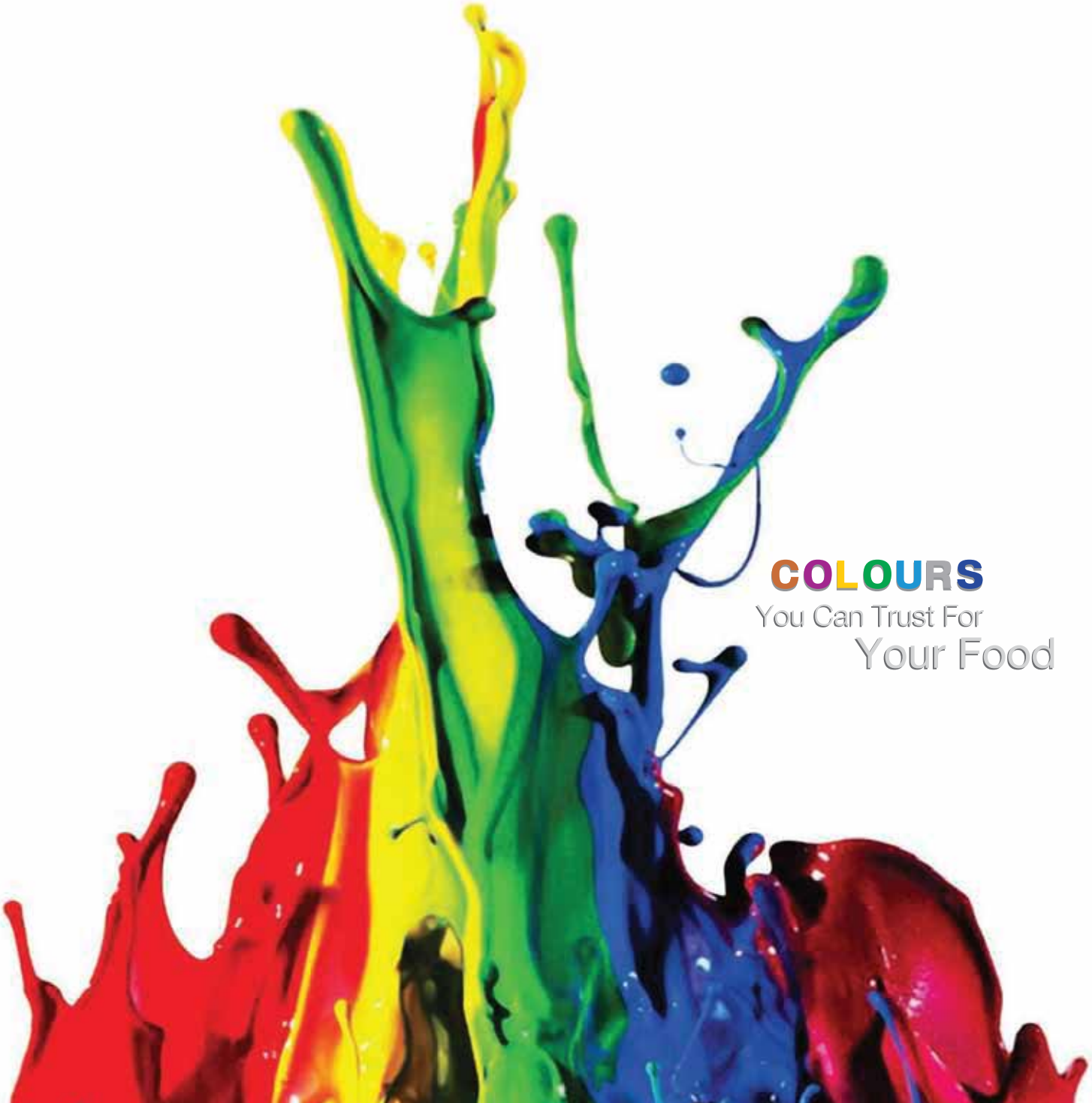
Mihir Manek
Joint Managing Director
(DIN: 00650613)
Place: Mumbai
Encl: As above

RegdOff.:
E/27, Commerce Centre, 78, Tardeo Road,
Mumbai 400034, India Tel : + 91 22 6140 6666 (100 Lines)
Fax : + 91 22 2352 1980, E-mail : vdml@vsnl.com,Web. : www.vidhifoodcolour.com

Factory:
59/B & 68, M.I.D.C. Dhatav, Roha
Dist :Raigad, Maharashtra 402116, India
CIN : L24110MH1994PLC076156

25th ANNUAL REPORT 2017-2018

VIDHI



25th Annual Report - 2017 - 18

BOARD OF DIRECTORS

Mr. Bipin M. Manek (DIN: 00416441)
Chairman & Managing Director

Mr. Mihir B. Manek (DIN: 00650613)
Joint Managing Director

Mrs. Pravina B. Manek (DIN: 00416533)
Non-Executive Director

Mr. Vijay K. Atre (DIN: 00416853)
Non-Executive Director

Mr. Prafulchandra A. Shah (DIN: 00417022)
Independent Director

Mr. Chetan P. Bavishi (DIN: 01978410)
Independent Director (resigned w.e.f.13.06.18)

Mr. Nirenbhai D. Desai (DIN: 01978382)
Independent Director

Mr. Rahul C. Berde (DIN: 06981981)
Independent Director

Mr. Anil Kumar Dhar (DIN: 01524239)
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Mitesh D. Manek

COMPANY SECRETARY

Ms. Kalika V. Dabholkar
Compliance Officer

STATUTORY AUDITORS

M/s. JMR & Associates
Chartered Accountants

SECRETARIAL AUDITORS

M/s. Hemanshu Kapadia & Associates
Practicing Company Secretary

INTERNAL AUDITORS

M/s. Rahul Gondhiya & Associates
Chartered Accountants

BANKERS

HDFC Bank
Vijaya Bank
HSBC Bank

REGISTRAR & SHARE TRANSFER AGENTS (R & TA):

Sharex Dynamic (India) Private Limited
Unit –1, Luthra Industrial Premises, 1st floor, 44-E,
M. Vasanti Marg, Andheri Kurla Road, Safed Pool,
Andheri (East) Mumbai – 400072.
Tel: 022-2851 5606 / 5644
Fax : 022-28512885
E-mail: sharexindia@vsnl.com

REGISTERED OFFICE:

Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
CIN: L24110MH1994PLC076156
E/27, Commerce Centre,
78, Tardeo Road, Mumbai – 400034
Tel: + 91 22 6140 6666
Fax: + 91 22 2352 1980
E-mail: info@vidhifoods.com
Website: www.vidhifoodcolour.com

CORPORATE OFFICE:

Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
E/28 & 29, Commerce Centre,
78, Tardeo Road, Mumbai – 400034
Tel: + 91 22 6140 6615

LOCATIONS OF PLANTS:

Factory I:
Plot No. 59/B, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra – 402 116

Factory II:
Plot No. 68, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra – 402 116

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About Us:

Established in 1994, Vidhi Specialty Food Ingredients Limited (Formerly known as 'Vidhi Dyestuffs Manufacturing Limited') ['Vidhi'] is a leading manufacturer of Superior Synthetic and Natural Food Grade Colours; providing customers with world class color solutions in applications of Foods & Beverages, Confectionaries, Pharmaceuticals, Feeds, Cosmetics, Inkjet Inks and Salt Free Colors. Our colors are being distributed and consumed in over 80 countries across 6 continents.

At Vidhi, we have a transcendental combination of highly experienced and young and dynamic force of qualified chemists dedicated towards partnering the efforts of our discerning customers in developing superior colour solutions for their products. A fully equipped & functional laboratory accredited by The Bureau of Indian Standards forms the core of Quality Control Department. Our technical team works closely with the end user, right from the stage of envisioning the product to commercial production and after sales support. Stringent procedures and fail-safe methods of testing are adopted, right from the stage of sampling of all raw materials, in process checks at various stages of the reactions and thorough testing of all finished products is carried out by our team of highly qualified and trained chemists. We share up to date information and news developments, regarding regulatory procedures and new standards being implemented across all global markets thereby securing the interests of our valued customers.

Our manufacturing facilities are spread over an area of 1,76,000 square feet, located in Dhatav Village of Raigad District in the state of Maharashtra - India. Today Vidhi is an ISO 9001:2000, ISO 22000:2005 and HACCP certified company. Our Manufacturing facilities have been audited and found satisfactory by the U.S. FDA. All our products carry HALAL and Kosher certification. Vidhi is steadfastly working towards adoptions of standards like CEDEX and GFSI compliance.

Product Portfolio:

Synthetic Water Soluble Colours: (European Commission & JECFA Approved)
Available in microfine powder, fine plating grade powder &in granular forms.

Aluminum Lakes: (European Commission & JECFA Approved)
Food grade insoluble pigments available in microfine powder form.

FD&C Colours: (U. S. FDA Approved)
Available in microfine powder,fine plating grade powder as well as granular forms.

FD&C Lakes: (U. S. FDA Approved)
Food grade insoluble pigments available in microfine powder form.

D&C Colours: (U. S. FDA Approved)
Available in microfine powder for drug & cosmetic applications.

Blends: (European Commission, JECFA & U. S. FDA Approved)
Useful for acquiring any desired shade.

Co-Blended Lakes &Co-Blended Granules:(European Commission, JECFA & U. S. FDA Approved)
To achieve custom blended shades.

Natural Colours: (European Commission, JECFA & U. S. FDA Approved)
Natural colour formulations tailor made to suit any product applications.

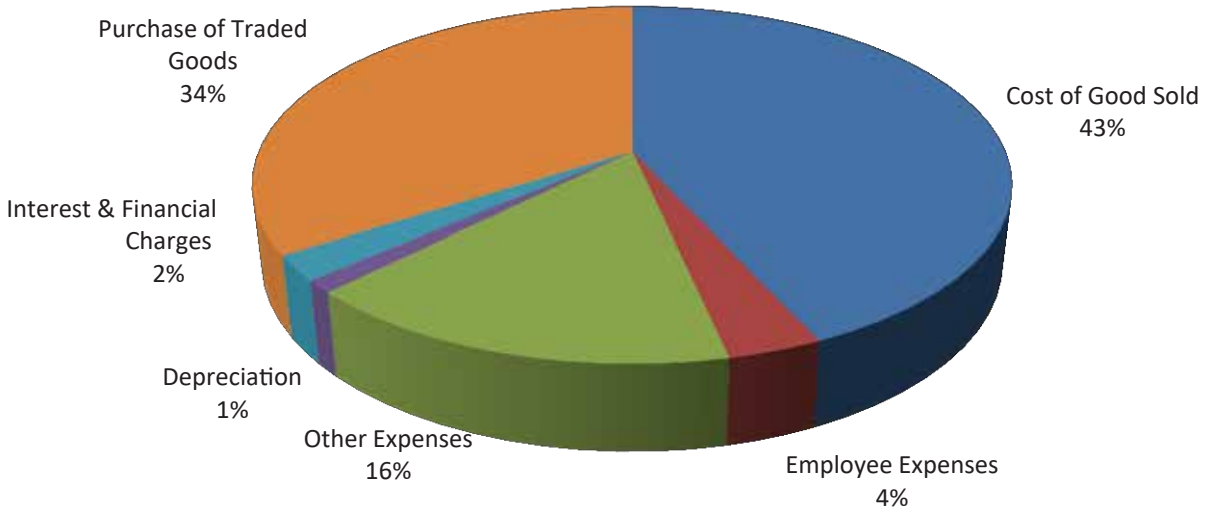
Financial Highlights & Performance

Key Figures

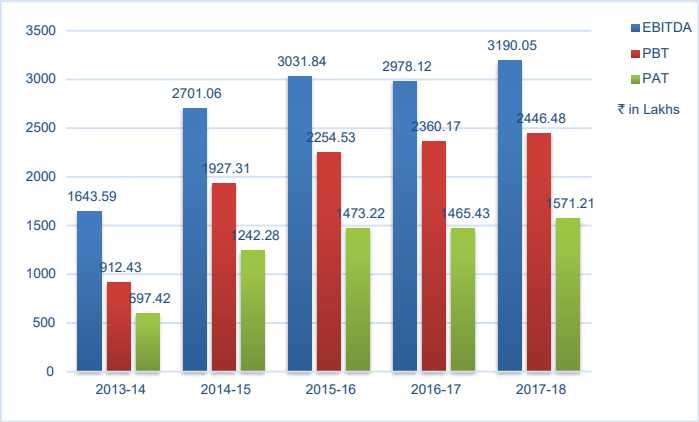
(₹ in Lakhs)

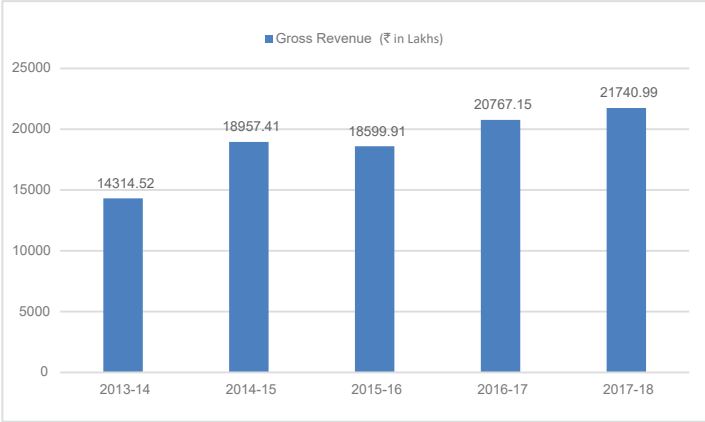
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Results of Operations					
Total Revenue	14,314.52	18,957.41	18,593.49	20,767.15	21,740.99
Earnings before interst,Taxes, Depreciation & Amortisation(EBITDA) & Exceptional Items	1,643.59	2,701.06	3,031.24	2,978.12	3,190.05
Profi/(loss) before Tax	912.43	1,927.31	2,254.53	2,360.17	2,446.48
Net Profit/ (Loss)	597.42	1,242.28	1,473.22	1,465.43	1,571.21
Financial Position					
Equity Share Capital	500.20	500.20	500.20	500.20	500.20
Reserves and Surplus	3,091.66	4,021.82	5,011.34	6,110.10	7,198.25
Net Worth	3,591.86	4,522.02	5,511.54	6,610.30	7,698.45
Earnings per Share (in ₹)	1.19	2.49	2.95	2.93	3.15

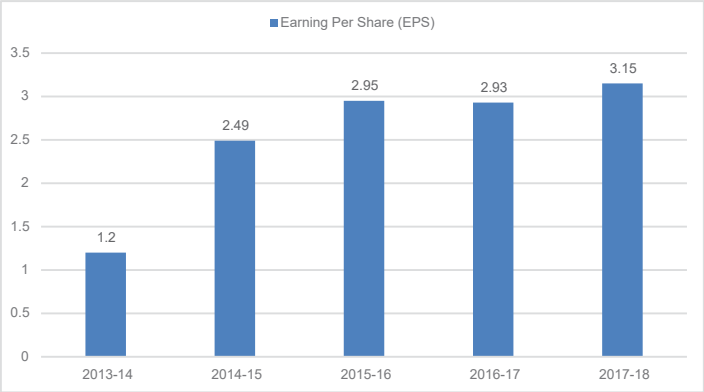
Distribution of Revenue

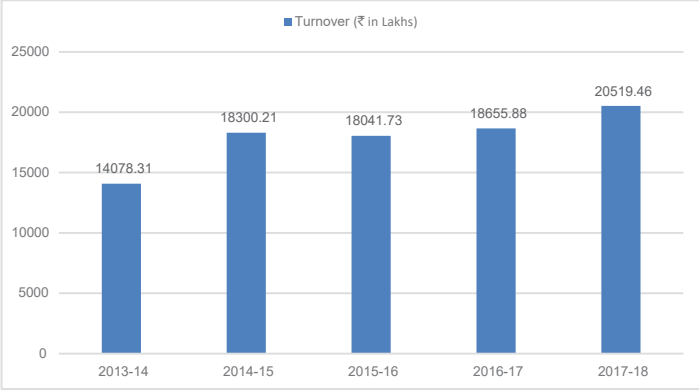


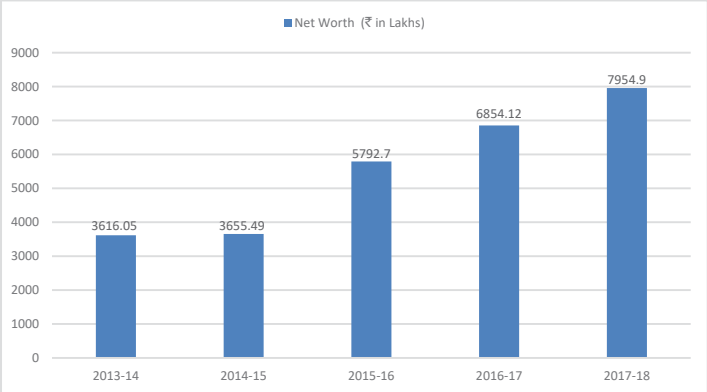
Performance Indicators

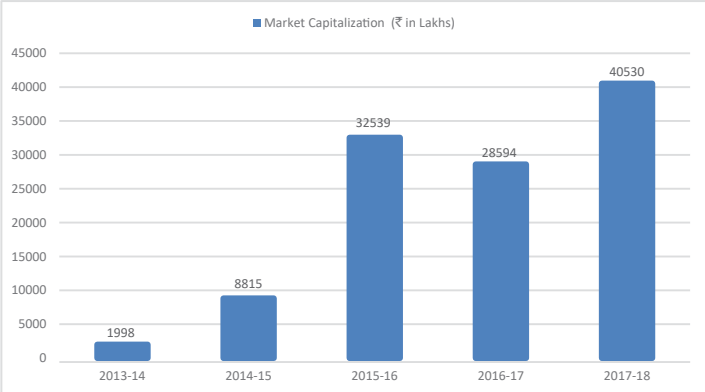




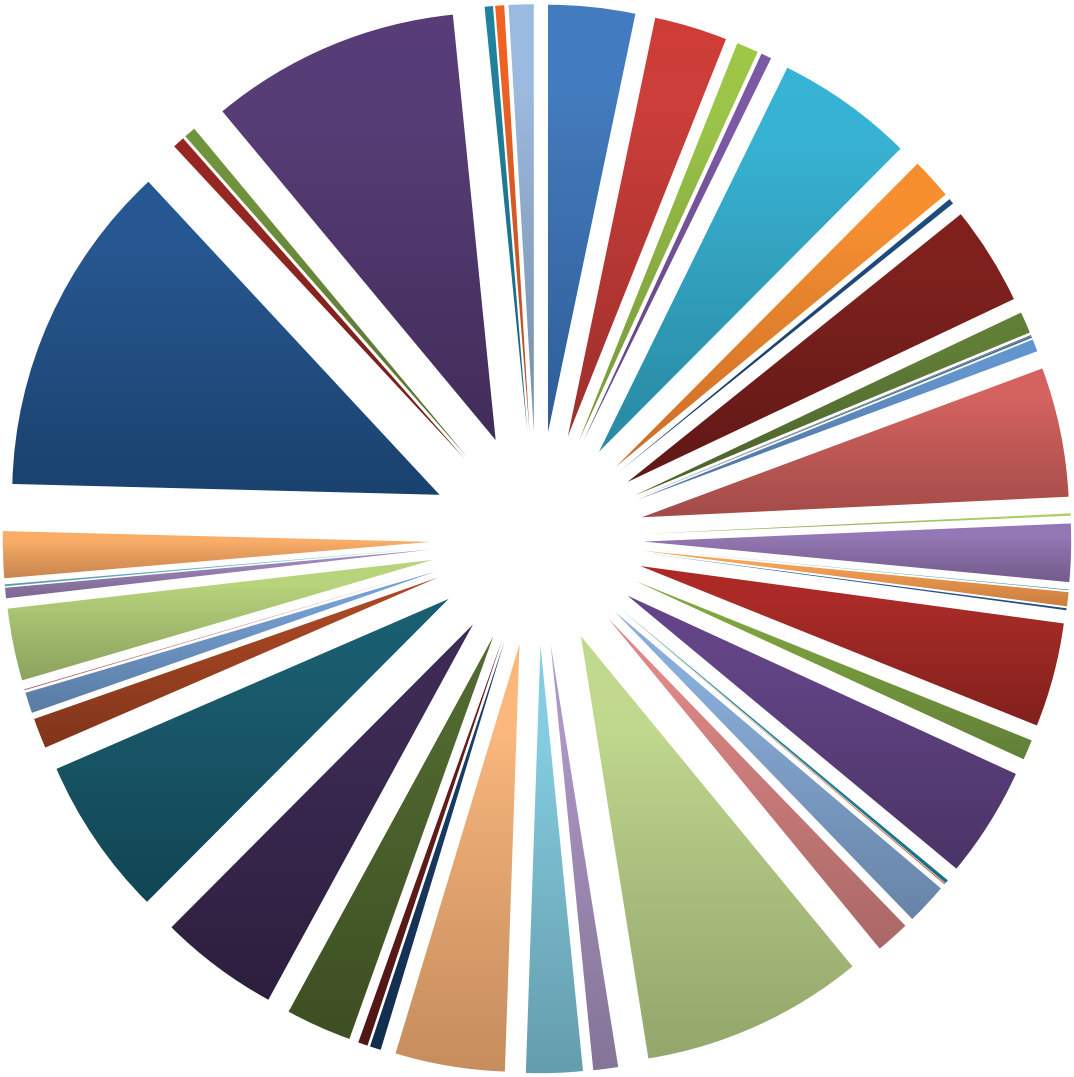








Country wise Break Up In Sales



- ARGENTINA
- AUSTRALIA
- BANGLADESH
- BOLIVIA
- BRAZIL
- CANADA
- CHILE
- CHINA
- COLOMBIA
- CYPRUS
- CZECH REPUBLIC
- EGYPT
- EL SALVADOR
- FRANCE
- GEORGIA
- GERMANY
- GUAETAMALA
- HONGKONG
- HUNGARY
- INDONESIA
- IRAN
- ITALY
- KENYA
- KOREA
- MALAYSIA
- MALTA
- MEXICO
- MOROCCO
- PAKISTAN
- PHILIPPINES
- REPUBLIC OF POLAND
- RUSSIAN FEDERATION
- SINGAPORE
- SOUTH AFRICA
- SPAIN
- SRI LANKA
- SYRIA
- TANZANIA
- THAILAND
- THE NETHERLANDS
- TRINIDAD
- TURKEY
- U.S.A
- UAE
- UKRAINE
- UNITED KINGDOM
- URUGUAY
- VENEZUELA
- VIETNAM

Message from the Chairman and Managing Director

Dear Shareholders,

World growth strengthened in 2017 to 3.8%, with a rebound in global trade led by advanced economies. India too witnessed growth as government initiatives to revive the economy increased Gross Domestic Product (GDP) in the last two quarters. While most sectors gradually recovered from GST and demonetization, climbing crude oil prices is an area of concern.

In my last year's message, I highlighted how your Company is moving towards a more profitable and sustainable growth. You would be pleased to know that we further expanded our business with sales increasing by 4.91% on a comparable basis (adjusted for GST and Excise) to ₹ 21,700.24 lakhs. To ensure seamless delivery of services and smooth transition for customers, we were ready for GST implementation from day one. In spite of uncertain environment both in India and Global markets, the Company through its leadership excellence, increasing focus on high margin products and support of employees at all levels has managed to deliver good results. Our financial performance continues to improve. Considering the improved operational and financial performance, your Company has recommended a dividend payment of ₹ 0.20/- per equity share of ₹ 1/- each (i.e. 20%) for the financial year 2017-18.

As far as financial year 2018-19 is concerned, Net Profit reflected in Q1 results up by 115.41% as compared to previous year and looking forward to the overall market situation, your Management is expecting to close the financial year on positive note. You will be pleased to note that the Company made further progress during the year in implementing planned key initiatives to better its performance. Manufacturing efficiency and capacity utilisation were improved was enhanced over the previous year.

Although manufacturing efficiency and output improved during 2017-18, there is still a lot to be done to sustain performance. The Company has identified key initiatives to ensure consistency in manufacturing performance and higher capacity utilisation to be achieved throughout the year. At the same time, the Company is exploring investments in new value added product(s) in its chosen areas with relatively low investments so that it does not become highly leveraged.

Moving ahead, we expect to experience a sustained growth in coming years, where our focus will be on improving our profitability levels. We look forward to a great year ahead with increase in yields due to higher margins in domestic sales and exports.

As we look into the future, we would continue our focus on maintaining profitable and sustainable growth. We see that customers and stakeholders are aligning with Companies making advancements towards reducing impact on environment and climate change. This trend will make sustainable chemistry a reality, placing your Company at a strategic advantage. Our sharp focus on customer centricity and digitization will help us continue leading the industry. On behalf of the Board of Directors, I thank you all for your valuable trust and continued support.

With warm regards,

Bipin M. Manek
Chairman and Managing Director

BOARD OF DIRECTORS

Mr. Bipin M. Manek

Executive Chairman & Managing Director

- One of the Promoters of the Company
- Actively associated with the Company since its inception
- Acknowledged as a thought leader in transforming the Company from a small food color manufacturing Company to the Asia's 2nd largest food color manufacturing Company
- Played a key role in bringing the Company to its present heights
- A Commerce Graduate
- Over 32 years of experience in the field of Imports & Exports in food colour industries and Business Management

Mrs. Pravina B. Manek

Woman Director
Non-Executive

- One of the Promoters of the Company
- Associated with the Company since its inception
- An Arts Graduate from University of Mumbai
- Over 16 years of experience and expertise in food colour business

Mr. Mihir B. Manek

Executive Joint Managing Director

- A Science Graduate from University of Mumbai with a major in Industrial Chemistry
- Associated with the Company for more than eleven years
- Played a significant role in leading multiple initiatives to accelerate production and sales of the Company
- An experience and expertise in the business of procurement of imported raw materials and distribution of various chemicals for over 12 years

BOARD OF DIRECTORS

Mr. Vijay K. Atre

Director
Non-Executive

- Holder of Masters Degree in Science from University of Mumbai
- Over 40 years of rich experience in the field of food colors manufacturing unit
- Associated with the Company for more than 23 years

Mr. Anil Kumar Dhar

Director
Non-Executive & Independent

- Former Indian Revenue Service – IRS - Officer with 23 years' experience in the Government of India in senior positions of Customs, Central Excise and Service Tax in Mumbai, Delhi and Bangalore
- Former Additional Director, DRI Maharashtra and Goa
- Over 35 years of specialized experience; both in Government and Private Sectors, in the field of Indirect Taxation of which about 10 years in revenue intelligence
- Msc. (Physics); MBA (Finance) J.Bajaj Institute; MSc. Fiscal studies, Bath University UK
- Awarded the Presidential Award for SPECIALLY DISTINGUISHED RECORD OF SERVICE in the year 1998
- Holds Directorship in Chandan Steels Limited as an Independent Director since 2007
- Appointed as an Independent Director in Manas Properties Limited w.e.f. January 14, 2017

BOARD OF DIRECTORS

Mr. Prafulchandra A. Shah
Director
Non-Executive & Independent

- An Engineering Graduate in Mechanical and Electricals
- His areas of strength include industrial Constructions & Project Works
- Over 58 years of experience in Construction Industry
- Associated with the Company for more than 15 years

Mr. Nirenbhai D. Desai
Director
Non-Executive & Independent

- An Engineering Graduate in Mechanicals and Machine Tools
- Associated with the Company since 2005
- A dynamic experience of 38 years in the field of Indirect Industrial Hardware & Machine Tools

Mr. Rahul C. Berde
Director
Non-Executive & Independent

- A Science Graduate from Mumbai University and holds the Masters Degree in Analytical Chemistry
- Associated with Vidhi Specialty Food Ingredients Limited for 3.5 years
- Formerly associated with Water's India Limited as a Senior Marketing Manager

NOTICE OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING

To,
The Members
Vidhi Specialty Food Ingredients Limited
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited')

Notice is hereby given that the **Twenty-Fifth Annual General Meeting** of the Members of **Vidhi Specialty Food Ingredients Limited (Formerly known as 'Vidhi Dyestuffs Manufacturing Limited')** will be held on Friday, September 28, 2018 at 3:30 p.m. at The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai - 400 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date and notes related thereto together with the Board's Report and the Report of Auditors' thereon.

2. To confirm the 1st Interim Dividend, 2nd Interim Dividend and 3rd Interim Dividend declared in the financial year 2017-18.

3. To declare Final Dividend on equity shares for the financial year 2017-18.

4. To appoint a Director in place of Mr. Mihir B. Manek (DIN: 00650613), who retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 ('the Act') and who is not disqualified to become Director under the Act and being eligible, offers himself for re-appointment.

5. To ratify the appointment of Auditors and fix their remuneration and in this regard, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and all other applicable Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and based on the recommendation of the Audit Committee and the Board of Directors and pursuant to the resolution passed by the Members of the Company at the Twenty-Fourth Annual General Meeting held on Monday, September 25, 2017, the appointment of M/s. JMR & Associates, Chartered Accountants, Mumbai (Firm Registration No: 106912W), as the Statutory Auditors of the Company be and is hereby ratified to hold office from the conclusion of the Twenty-Fifth Annual General Meeting till the conclusion of the Twenty-Ninth Annual General Meeting of the Company to be held for the financial year 2021-22 at a remuneration as may be recommended by the Audit Committee and fixed by the Board of Directors of the Company in addition to applicable taxes and out of pocket expenses as may be incurred by them during the course of Audit.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any Director or officer or person and to do all such acts, deeds, matters and things for giving effect to this resolution."

SPECIAL BUSINESS:

6. **To approve the aggregate annual remuneration payable to the Promoter - Executive Directors/Members of the Promoter Group exceeding 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013:**

   In this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the Regulation 17(6)(e) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to be effective from April 1, 2019 and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force) ('Listing Regulations'), approval of the Members of the Company be and

is hereby accorded to pay an aggregate annual remuneration to all the existing Promoter - Executive Directors/Members of the Promoter Group exceeding 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013, as mentioned in the Explanatory Statement, for their remaining tenure as Executive Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to the above resolution."

7. **To approve the aggregate annual remuneration payable to Mr. Vijay K. Atre (DIN: 00416853) as the Non-Executive Director of the Company, which exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors:**

In this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the Regulation 17(6)(ca) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to be effective from April 1, 2019 and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force) ('Listing Regulations') and as approved by the Members at the Twenty-First Annual General Meeting of the Company held on Saturday, September 27, 2014, approval of the Members be and is hereby accorded for paying remuneration to Mr. Vijay K. Atre (DIN: 00416853) on existing terms, as mentioned in the Explanatory Statement, for the financial year 2018-19 which may exceed fifty per cent of the total annual remuneration payable to all the Non-Executive Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to the above resolution."

8. **To approve the continuation of holding the office of a Non-Executive Director by Mr. Vijay K. Atre (DIN: 00416853):**

In this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to be effective from April 1, 2019 and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force) ('Listing Regulations'), consent of the Members of the Company be and is hereby accorded for continuation of holding the office of a Non-Executive Director of the Company by Mr. Vijay K. Atre (DIN: 00416853), who has already attained the age of seventy five years, on his existing terms and conditions.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to the above resolution."

9. **To approve the continuation of holding the office of Independent Non-Executive Director by Mr. Prafulchandra Shah (DIN: 00417022):**

In this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, to be effective from April 1, 2019 and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force) ('Listing Regulations'), consent of the Members of the Company be and is hereby accorded for continuation of holding the office of Independent Non-Executive Director of the Company by Mr. Prafulchandra Shah (DIN: 00417022), who has already attained the age of seventy five years, for his original term/tenure which was approved at the Twenty-First Annual General Meeting of the Company held on Saturday, September 27, 2014 appointing him as an Independent Non-Executive Director of the Company for a term of five consecutive years commencing from September 27, 2014, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to the above resolution."

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Registered Office:
E/27, Commerce Centre,
78, Tardeo Road, Mumbai – 400 034
CIN: L24110MH1994PLC076156
www.vidhifoodcolour.com

NOTES:

1. A Member entitled to attend and vote at the general meeting is entitled to appoint a proxy, who need not be a Member, to attend and vote on poll on behalf of himself/herself. The instrument appointing the Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 (forty eight) hours before the commencement of the Meeting. A proxy form for the Annual General Meeting ('AGM') is enclosed.

   A person can act as a proxy on behalf of the Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or Member. Proxies submitted on behalf of Companies, Societies, etc. must be supported by valid and effective resolution/authority, as applicable.

2. The relevant statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), setting out the material facts relating to the special business as set out in the Notice is annexed hereto and forms part of the notice of this AGM.

3. The Company's Registrar & Share Transfer Agents are Sharex Dynamic (India) Private Limited ('R & TA'), at Unit-1, Luthra Industrial Premises, 1st Floor, 44-E, M. Vasanti Marg, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072. Phone: 022-2854 5606/2851 5644; Fax: 022-2854 2885.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 22, 2018 to Friday, September 28, 2018, both days inclusive, for taking record of the Members of the Company for the purpose of AGM and determining the names of the Members eligible for payment of final dividend on equity shares for the financial year 2017-18, if declared at the AGM.

5. The Dividend, if declared at the AGM, would be paid/dispatched on/after Saturday, September 29, 2018 but within thirty days from the date of declaration of dividend to those persons (or their mandates):

   - whose names appear as beneficial owners as at the end of the business hours on Friday, September 21, 2018 in the list of the Beneficial Owners to be obtained from the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, in respect of the shares held in electronic/dematerialized mode; and

   - whose names appear as Members in the Register of Members of the Company as on Friday, September 21, 2018, after giving effect to valid share transfers in physical forms lodged with the Company/R & TA, in respect of the shares held in physical mode.

   In respect of the Members holding shares in electronic form, the bank details obtained from the respective depositories will be used for the purpose of distribution of dividend through various approved/permissible electronic mode of payment viz. Electronic Clearing Services (ECS), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc. The Company/R & TA will not act on any direct request from the Members holding shares in dematerialized form for

change/deletion of such bank details. Such changes are to be intimated by the Members to their Depository Participants. In respect of the Members holding shares in the physical form, the bank details obtained from the R & TA will be used for the purpose of distribution of dividend through various approved/permissible electronic modes of payment. Any query related to dividend should be directed to R & TA.

6. Members are requested to:

   (i) send all share transfer lodgements (Physical mode)/correspondence to the R & TA unto the date of book closure.

   (ii) quote Registered Folio Number or DP ID/Client ID in all the correspondence.

7. Members who have not encashed/received the dividend warrants so far in respect of the below mentioned periods, are requested to make their claim to the R & TA well in advance before due dates. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Funds (IEPF). Pursuant to the provisions of Section 124(2) of the Act read with the Companies (Declaration and Payment of Dividend) Rules, 2014, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on its website: *www.vidhifoodcolour.com* and also on the website of the Ministry of Corporate Affairs.

8. Due dates of transferring unclaimed and unpaid dividends declared by the Company for the financial year 2010-11 and thereafter to IEPF:

Financial Year	**Date of declaration of dividend**	**Last date for claiming unpaid/ unclaimed dividend**
2012-13 (1st Interim Dividend)	November 12, 2012	December 16, 2019
2013-14 (1st Interim Dividend)	November 12, 2013	December 16, 2020
2013-14 (2nd Interim Dividend)	February 12, 2014	March 18, 2021
2014-15 (1st Interim Dividend)	November 14, 2014	December 18, 2021
2015-16 (1st Interim Dividend)	August 12, 2015	September 15, 2022
2015-16 (Final Dividend for FY 2014-15)	September 16, 2015	October 20, 2022
2015-16 (2nd Interim Dividend)	November 14, 2015	December 18, 2022
2015-16 (3rd Interim Dividend)	February 9, 2016	March 14, 2023
2016-17 (1st Interim Dividend)	August 12, 2016	September 15, 2023
2016-17 (Final Dividend for FY 2015-16)	September 24, 2016	October 28, 2023
2016-17 (2nd Interim Dividend)	November 14, 2016	December 18, 2023
2016-17 (3rd Interim Dividend)	February 11, 2017	March 17, 2024
2016-17 (Final Dividend for FY 2016-17)	September 25, 2017	October 29, 2024
2017-18 (1st Interim Dividend)	September 25, 2017	October 29, 2024
2017-18 (2nd Interim Dividend)	November 24 , 2017	December 28, 2024
2017-18 (3rd Interim Dividend)	February 14, 2018	March 18, 2025

9. Pursuant to the applicable provisions of the Act read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Since seven years have not been elapsed from the date of transfer of amount to Unpaid Dividend Account, no dividend is due for transfer to IEPF. The Members whose dividend/Shares, if transferred to the IEPF Authority, can claim the same from the Authority by following the Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

10. As required under the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'], the details in respect of the Director seeking re-appointment and Directors seeking approval for continuation of holding the office as the Non-Executive Directors at the AGM, *inter alia*, age, qualifications, experience, details of remuneration last drawn by such person, relationship with other Directors and Key Managerial Personnel of the Company, the number of Meetings of the Board attended during the year and other directorships, membership/chairmanship of the committees of other Boards, shareholding, etc. are annexed to the Notice and forms part of the Explanatory Statement.

Brief resume of all the Directors of the Company has also been furnished separately in the Annual Report. Mr. Mihir B. Manek (DIN: 00650613) has furnished the relevant consent for his re-appointment.

11. As per Sections 101 and 136 read with the Companies (Accounts) Rules, 2014 and all other applicable provisions of the Act, read with the Rules made under the Act, Companies can serve/send various reports, documents, communications, including but not limited to Annual Report comprising of the Report of the Board of Directors, Auditors' Report, Financial Statements, Notice of General Meetings, etc. (hereinafter referred to as 'the Documents') to its Members through electronic mode at their e-mail addresses.

    The Company believes in green initiative and is concerned about the environment. The Company has e-mailed the Documents in electronic mode at your e-mail address obtained from the depositories/available with R & TA unless a Member has requested for a hard copy of the same.

    Members are requested to furnish/update the details of their address, e-mail address, bank account details, relevant information for availing various approved/permissible modes of electronic funds transfer facilities viz. Electronic Clearing Services (ECS), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc.:

    (i) to their Depository Participants in respect of their shareholdings in electronic (dematerialized) form;

    (ii) to R & TA, in respect of their shareholdings in physical form, quoting their folio numbers.

    Members are entitled to have, free of cost, a copy of the Annual Report upon placing a specific requisition addressed to R & TA.

12. Annual Report including *inter alia* the Report of the Board of Directors, Auditors' Report, Financial Statement, Notice of this AGM, Attendance Slip, Proxy Form, etc. is being sent by electronic mode to all the Members whose e-mail addresses are registered with the R & TA/Depositories unless a Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the relevant documents are being sent by the permitted mode. The same are also available on the Company's website at: *www.vidhifoodcolour.com*

13. In case a person has become a Member of the Company after the dispatch of the AGM Notice but on or before the cut-off date i.e. Friday, September 21, 2018, he/she/it may write to R & TA viz, Sharex Dynamic (India) Private Limited at the address mentioned above or on their email ID: *sharexindia@vsnl.com* requesting for the User ID and Password.

14. In terms of Section 72 of the Act read with the applicable Rules made under the Act, every holder of shares in the Company may at any time nominate, in the prescribed manner (Form No. SH-13), a person to whom his/her shares in the Company shall vest, in the event of his/her death. Nomination Form can be obtained from the R & TA. The duly filled in Nomination Form shall be sent to R & TA at the above mentioned address by the Members holding shares in physical mode. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

15. Members/Proxies/Authorized Representatives should bring their copy of the Annual Report and Attendance Slip sent herein for attending the Meeting. Proxy/Authorized Representatives of Members should state on the Attendance Slip as 'Proxy' or 'Authorized Representative', as the case may be. Further, those who hold shares in demat form are requested to write their Client Id and DP Id and those who hold shares in physical forms are requested to write their folio number on the Attendance Slip for easy identification at the meeting.

16. Corporate Members intending to send their representatives to attend the Meeting are requested to send to the Company a certified copy of the relevant board resolution authorizing their representatives to attend and vote at the Meeting on their behalf.

17. In case of joint holders, the vote of such joint holder who is higher in the order of names, shall be accepted to the exclusion of the votes of other joint holders.

18. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the R & TA along with the relevant Share Certificates for consolidation of such Folios in one Folio.

19. Members desiring any information pertaining to the Financial Statement are requested to write to the Company Secretary at the Registered Office of the Company at least 10 days prior to the date of the meeting so as to enable the Management to reply at the AGM.

20. Statutory Registers and all other documents relevant to the business as stated in the Notice convening the AGM are open for inspection by the Members at the Registered Office and Corporate Office of the Company upto and including the date of the ensuing AGM of the Company during business hours on any working day of the Company without payment of fee and will also be available at the AGM.

21. The Securities and Exchange Board of India ('SEBI') vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to R & TA viz, Sharex Dynamic (India) Private Limited/Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook/statement attested by the bank. Members holding shares in demat form are, requested to submit the aforesaid information to their respective Depository Participant.

22. SEBI has decided that securities of Listed Companies can be transferred only in dematerialised form with effect from December 5, 2018. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise shares held by them in physical form.

23. **Voting through Electronic Means:**

    a) Pursuant to Section 108 of the Act read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and all other relevant Rules made under the Act and Regulation 44 of the Listing Regulations, the Company is pleased to provide the facility to the Members to exercise their right to vote on the resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through such voting. The cut-off date for the purpose of remote e-voting and voting at the AGM is Friday, September 21, 2018. Accordingly, the Members, whose names appear in the Register of Members/list of Beneficial Owners as on Friday, September 21, 2018 are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. The Members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The Company has appointed Central Depository Services (India) Limited [CDSL] for facilitating remote e-voting.

    b) Subject to the applicable provisions of the Act read with the Rules made there under (as amended), the voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date for the purpose of remote e-voting, being Friday, September 21, 2018. Members are eligible to cast vote only if they are holding shares on Friday, September 21, 2018.

    c) **The remote e-voting period will commence at 9.00 a.m. (IST) on Tuesday, September 25, 2018 and will end at 5.00 p.m. (IST) on Thursday, September 27, 2018.** During this period, the Members of the Company holding shares in physical form or in dematerialized form as on cut-off date may cast their vote through remote e-voting. **The remote e-voting module shall be blocked/disabled for voting thereafter.**

    d) Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again. The Members may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.

    e) The facility for voting, either through electronic voting system or ballot/polling paper, shall also be made available at the AGM and the Members attending the AGM and who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM.

    f) A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein:

        (i) The voting period begins on Tuesday, September 25, 2018 at 9:00 a.m. (IST) and ends on Thursday, September 27, 2018 at 5:00 p.m. (IST). During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Friday, September 21, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

        (ii) The shareholders should log on to the e-voting website www.evotingindia.com.

        (iii) Click on Shareholders/Members

        (iv) Now Enter your User ID

            a. For CDSL: 16 digits beneficiary ID,

            b. For NSDL: 8 Characters DP ID followed by 8 Digits Client ID,

            c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

        (v) Next enter the Image Verification as displayed and Click on Login.

        (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. ● If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant **Vidhi Specialty Food Ingredients Limited (Formerly known as 'Vidhi Dyestuffs Manufacturing Limited')** on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows Phone users can download the app from the App Store and the Windows Phone Store, respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

24. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on **the cut-off date i.e. Friday, September 21, 2018.**

25. **Voting at AGM:** The Members, who have not cast their vote through remote e-voting, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot paper shall be made available at the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting; however these Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM.

26. Mr. Hemanshu Kapadia (FCS: **3477** and CP: **2285**), Proprietor of M/s. Hemanshu Kapadia & Associates, Practising Company Secretaries, failing him, Mr. Vipin Mehta (FCS: **8587** and CP: **9869**), Partner of M/s. VPP & Associates, Practising Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

27. The Scrutinizers shall immediately, after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, within 48 hours from the conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favor or against of the resolutions transacted in the AGM and submit forthwith the same to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

28. The Chairman or the authorised person shall declare the results of the voting forthwith and the results declared along with the report of the scrutinizer shall be placed on the website of the Company i.e. *www.vidhifoodcolour.com* and on the website of CDSL i.e. *www.evotingindia.com.* The Company shall also simultaneously forward the results to BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed.

29. Map of the venue of the AGM is given after the notice and forms part of the notice.

30. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Twenty-Fifth AGM i.e. Friday, September 28, 2018.

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Registered Office:
E/27, Commerce Centre,
78, Tardeo Road, Mumbai – 400 034
CIN: L24110MH1994PLC076156
www.vidhifoodcolour.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED AT THE TWENTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY

Item No. 6:

The Securities and Exchange Board of India ('SEBI') vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 issued the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Amendment Regulations') which brought amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

Vide the Amendment Regulations, after the existing Regulation 17(6)(d), the new sub-regulation 17(6)(e) has been inserted. As per the new amendment, if the aggregate annual remuneration payable to more than one Executive Director who is a Promoter or is a Member of the Promoter Group, exceeds 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 ('the Act') then approval of the Members by way of a Special Resolution is required. Such approval of the Members under this provision shall be valid only till the expiry of the term of such Director. Further, the said amendment shall come into force with effect from April 1, 2019.

Mr. Bipin M. Manek (DIN: 00416441) and Mr. Mihir B. Manek (DIN: 00650613) are the Executive Directors and also the Promoters of the Company. The Board of Directors in their meeting held on Monday, September 25, 2017 has re-appointed Mr. Bipin M. Manek (DIN: 00416441) as the Chairman & Managing Director of the Company for a period of 5 (five) years w.e.f. November 1, 2017 till October 31, 2022 at a salary of ₹ 2,50,000/- p.m. and applicable perquisites and commission of 5% on the net profits of the Company subject to maximum of 5% on the net profits of the Company. The said re-appointment and payment of remuneration was also approved by the Members in the Extra-ordinary General Meeting of the Company held on Thursday, March 29, 2018.

Further, the Board of Directors in their meeting held on Monday, July 6, 2015 has re-appointed Mr. Mihir B. Manek (DIN: 00650613) as Joint Managing Director of the Company for a period of 5 (five) years w.e.f. July 15, 2015 to July 14, 2020 at a salary of ₹ 1,25,000/- p.m. and applicable perquisites and commission of 2% on the net profits of the Company subject to maximum of 5% on the net profits of the Company. The said re-appointment and payment of remuneration was also approved by the Members in the Annual General Meeting held on Wednesday, September 16, 2015. Subsequently, his remuneration was increased by the Members in their meeting held on Saturday, September 24, 2016 to ₹ 2,50,000/- p.m. and applicable perquisites and commission of 5% on the net profits of the Company subject to maximum of 5% on the net profits of the Company.

The annual remuneration payable to the Executive Directors i.e. Mr. Bipin M. Manek (DIN: 00416441) and Mr. Mihir B. Manek (DIN: 00650613), is within the limit of 5% and 10% as specified u/s 197(1) of the Act. However, as per the new Regulation 17(6)(e) of the Listing Regulations, which will be applicable w.e.f. April 1, 2019, the approval of the Members by way of a Special Resolution is required since the Company has more than one Promoter Executive Director and remuneration paid to them is in excess of 5% of the net profits of the Company calculated as per Section 198 of the Act.

In view of the above, the Board recommends the Special Resolution mentioned at Item No. 6 as set out in the accompanying notice for the approval of Members for payment of remuneration to Mr. Bipin M. Manek (DIN: 00416441) and Mr. Mihir B. Manek (DIN: 00650613) on existing scale for their remaining tenure notwithstanding that it will be in excess of 5% of the net profits of the Company calculated as per Section 198 of the Act.

Pursuant to Section 102(1) of the Act, it is informed that, Mr. Bipin M. Manek (DIN: 00416441), Managing Director, Mr. Mihir B. Manek (DIN: 00650613), Joint Managing Director and Mrs. Pravina B. Manek (DIN: 00416533), Non-Executive Director of the Company, being relatives within the meaning of Section 2(77) of the Act. are concerned or interested in the Resolution at Item No. 6 of the accompanying notice.

As on March 31, 2018, Mr. Bipin M. Manek (DIN: 00416441) was holding 1,41,10,333 equity shares of the Company constituting 28.25% of total voting power and Mrs. Pravina B. Manek (DIN: 00416533) was holding 1,79,90,667 equity shares of the Company constituting 36.02% of total voting power. None of the Directors, Key Managerial Personnel of the Company or their relatives, other than those mentioned above, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice.

Item No. 7:

The Securities and Exchange Board of India ('SEBI') vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018, the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Amendment Regulations') which brought amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

Vide the Amendment Regulations, after the existing Regulation 17(6)(c), the new sub-regulation 17(6)(ca) has been inserted. As per the new amendment, approval of the Members by way of a Special Resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof. Further, the said amendment shall come into force with effect from April 1, 2019.

Mr. Vijay Atre (DIN: 00416853) was appointed on the Board of the Company w.e.f. May 2, 1995. He, being a person with technical expertise and vast experience in manufacturing of food colours is providing technical guidance to the Company in its manufacturing activities. In view of the same, on the recommendation of the Nomination and Remuneration Committee and the Board, the Members in their Twenty-First Annual General Meeting held on Saturday, September 27, 2014 has approved payment of ₹ 3,00,000/- (Rupees Three Lakhs Only) per annum but not exceeding 1% of net profits calculated u/s 198 of the Act. No sitting fees are paid to him. No other Non-Executive Directors are being paid any remuneration except Independent Directors who are being paid sitting fees for attending the Board Meetings in which financial results/statement are considered and approved.

Since, payment of remuneration to Mr. Vijay Atre (DIN: 00416853) as a Non-Executive Director is more than fifty per cent of the total annual remuneration payable to all the Non-Executive Directors, as per the amended Regulation 17(6)(ca) of the Listing Regulations, which will be applicable w.e.f. April 1, 2019, the approval of the Members by way of a Special Resolution is required to pay him ₹ 3,00,000/- (Rupees Three Lakhs Only) per annum but not exceeding 1% of net profits calculated u/s 198 of the Act for the financial year 2019-20.

In view of the above, the Board recommends the Special Resolution mentioned at Item No. 7 as set out in the accompanying notice for the approval of Members for payment of remuneration to Mr. Vijay Atre (DIN: 00416853).

None of the Directors or Key Managerial Personnel of the Company or their relatives other than Mr. Vijay Atre (DIN: 00416853) are in any way concerned or interested, financially or otherwise, interested in the resolution set out at Item No. 7 of the accompanying Notice, being resolution related to payment of remuneration to him.

Item Nos. 8 and 9:

Mr. Vijay Atre (DIN: 00416853) was appointed on the Board of the Company w.e.f. May 2, 1995. He is a Non-Executive Director of the Company, liable to retire by rotation. He is ninety three years old.

Mr. Prafulchandra Shah (DIN: 00417022) was appointed on the Board of the Company w.e.f. January 6, 2003. The Members of the Company in its Twenty-First AGM held on Saturday, September 27, 2014 has appointed Mr. Prafulchandra Shah (DIN: 00417022) as an Independent, Non-Executive Director of the Company for a period of five consecutive years w.e.f. September 27, 2014.

Based on the Report of the Committee on Corporate Governance chaired by Mr. Uday Kotak, The Securities and Exchange Board of India ('SEBI') vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018, the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Amendment Regulations') which brought amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

Vide the Amendment Regulations, after the existing Regulation 17(1), the new sub-regulation 17(1A) has been inserted. As per the new amendment, a person who has attained the age of seventy five years can be appointed or continue as a Non-Executive Director of any listed entity only after the approval of the Members by way of Special Resolution is obtained. The amendment will be effective from April 1, 2019. Since Mr. Vijay K. Atre (DIN: 00416853) and Mr. Prafulchandra Shah (DIN: 00417022) have already attained the age of seventy five years, to continue them as the Directors of the Company w.e.f. April 1, 2019, approval of the Members by way of passing Special Resolutions need to be obtained on or before March 31, 2019.

Mr. Vijay Atre (DIN: 00416853) holds a Masters Degree in Science from University of Mumbai. He has over 40 years of rich experience in the field of manufacturing of food colours. He has been associated with the Company for more than 23 years. His technical expertise in food colours has helped the Company to identify and manufacture different colours and create a wide range of products.

Mr. Prafulchandra Shah (DIN: 00417022) is an Engineering Graduate in Mechanical and Electricals. He has a total experience of 58 years in construction industry. His areas of strength include industrial Constructions & Project Works. He has been associated with the Company for more than 15 years. His rich experience helped a lot to the Company in setting-up and expansion of its manufacturing activities.

In the opinion of the Board of Directors of the Company, Mr. Vijay Atre (DIN: 00416853) and Mr. Prafulchandra Shah (DIN: 00417022) are persons of integrity and repute with rich experience and expertise in their respective fields. Hence, it is proposed to continue them as the Directors of the Company on their existing terms and conditions.

In view of the above, the Board recommends the Special Resolutions mentioned at Item Nos. 8 and 9 as set out in the accompanying notice for the approval of Members for continuation of holding the office of a Non-Executive Director by Mr. Vijay K. Atre (DIN: 00416853) and for continuation of holding the office of an Independent Non-Executive Director by Mr. Prafulchandra Shah (DIN: 00417022), respectively.

None of the Directors or Key Managerial Personnel of the Company or their relatives other than Mr. Vijay Atre (DIN: 00416853) and Mr. Prafulchandra Shah (DIN: 00417022) are in any way concerned or interested, financially or otherwise, interested in the resolutions set out at Item Nos. 8 and 9, respectively, of the accompanying Notice, being resolutions related to themselves.

Annexure to Item Nos. 4, 6, 7, 8 and 9 of the Notice:

(Details as required to be furnished under the Secretarial Standard - 2 - para 1.2.5 and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of the Director	**Mr. Bipin M. Manek**	**Mr. Mihir B. Manek**
DIN	00416441	00650613
Date of Birth	June 7, 1956	March 8, 1982
Age	62 years	36 years
Qualifications	B. Com.	B. Sc. in Industrial Chemistry
Nationality	Indian	Indian
Experience	Rich experience of over 32 years in the field of Imports & Exports in food colours industries and business management	12 years of experience and expertise in the business of procurement of imported raw materials and distribution of various chemicals
Terms and conditions of appointment /re-appointment	Not to be appointed/re-appointed but approval of Members is sought pursuant to Regulation 17(6)(e) of the SEBI (LODR) Regulations, 2015, as amended from time to time, for payment of remuneration on existing terms and conditions	Proposed to be re-appointed as a Director liable to retire by rotation and approval of Members is sought pursuant to Regulation 17(6)(e) of the SEBI (LODR) Regulations, 2015, as amended from time to time, for payment of remuneration on existing terms and conditions
Date of first appointment on the Board	January 19, 1994	July 31, 2006
Shareholding in the Company	1,41,10,333 Equity Shares of ₹ 1/- each	Nil
List of Directorships held in other Companies	Arjun Food Colorants Manufacturing Private Limited	Arjun Food Colorants Manufacturing Private Limited
Committee chairmanship/ membership in other Companies	Nil	Nil

Name of the Director	Mr. Vijay K. Atre	Mr. Prafulchandra Shah
DIN	00416853	00417022
Date of Birth	April 6, 1925	November 13, 1933
Age	93 Years	84 years
Qualifications	M. Sc.	B. E. Mechanical and Electricals
Nationality	Indian	Indian
Experience	Over 40 years of rich experience in the field of food colours manufacturing unit	Experience of 58 years in construction industry. His areas of strength include Industrial Constructions & Project Works. He has been associated with the Company for more than 15 years
Terms and conditions of appointment / re-appointment	Proposed to be continued as Non-Executive Director, liable to retire by rotation, and payment of remuneration on existing terms and conditions	Proposed to be continued as an Independent Non-Executive Director on existing terms and conditions till September 26, 2019
Date of first appointment on the Board	May 2, 1995	January 6, 2003
Shareholding in the Company	25,000 Equity of ₹ 1/- each	Nil
List of Directorships held in other Companies	Nil	Nil
Committee chairmanship/ membership in other Companies	Nil	Nil

Note: *For other details such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other Directors and Key Managerial Personnel in respect of the above Directors please refer to the Board's Report and the Corporate Governance Report.*

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Registered Office:
E/27, Commerce Centre,
78, Tardeo Road, Mumbai – 400 034
CIN: L24110MH1994PLC076156
www.vidhifoodcolour.com

ROUTE MAP TO THE VENUE OF TWENTY-FIFTH ANNUAL GENERAL MEETING OF VIDHI SPECIALTY FOOD INGREDIENTS LIMITED (FORMERLY KNOWN AS 'VIDHI DYESTUFFS MANUFACTURING LIMITED'):

Venue: The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400 034

Landmark: Opposite AC Market

BOARD'S REPORT

To,
The Members,
Vidhi Specialty Food Ingredients Limited
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited')

Your Directors take pleasure in presenting the **Twenty-Fifth Annual Report** on the business and operations of your Company together with the Audited Financial Statement for the financial year ended March 31, 2018.

1. Financial Summary or Highlights:

The Ministry of Corporate Affairs ('MCA') on February 16, 2015, notified the Companies (Indian Accounting Standards) Rules, 2015. It states that, Indian Accounting Standards (Ind AS) are applicable to the Companies in a phased manner from April 1, 2017 with a transition date of April 1, 2016. Ind AS has replaced the previous Indian GAAP prescribed under section 133 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment or amendments thereof) ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable to your Company for the financial year commencing from April 1, 2017. The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set out in Note No. 30 in the Notes to Accounts in the Financial Statements. The figures for the Financial Year ended March 31, 2018 are also Ind AS compliant.

The financial highlights of the Company are as follows:

(₹ in lakhs)

Particulars	Current Year		Previous Year	
	2017-18		2016-17	
Total Income		21,740.99		20,767.15
Total Expenditure (excluding Depreciation)		19,045.01		18,181.11
Profit for the year before providing Depreciation		**2,695.98**		**2,586.04**
Less: Depreciation	249.50		225.87	
Less: Exceptional Items	Nil	249.50	Nil	225.87
Profit before Tax		**2,446.48**		**2,360.17**
Less: Provision for Taxation				
Current Year	851.68		785.54	
Earlier Year	12.52		32.78	
Deferred Tax	11.08	875.28	76.42	894.74
Profit after Tax		**1,571.21**		**1,465.43**
Add: Other Comprehensive Income		0.10		0.95
Total Comprehensive Income		**1,571.31**		**1,466.38**
Add: Profit brought forward from Previous Year		5,377.77		4,540.30
Total Profit in Balance Sheet		6,949.08		6,006.68
Appropriation:				
Dividend Paid		399.56		399.56
Transfer to General Reserve		157.13		145.73
Dividend Distribution Tax		83.61		83.61
Balance Profit carried to Balance Sheet		**6,308.79**		**5,377.77**

2. Financial Performance, Operations and State of the Company's affairs:

During the year under review, Profit before Tax for the year was ₹ 2,446.48 lakhs as against ₹ 2,360.17 lakhs in the previous year.

Total Revenue from continuing operations for the year ended March 31, 2018 aggregated to ₹ 21,700.24 lakhs as against ₹ 20,685.03 lakhs achieved during the previous year. Profit after Tax from continuing operations for the year ended March 31, 2018 was ₹ 1,571.20 lakhs as against ₹ 1,465.43 lakhs earned during the previous year.

The financial performance is discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report.

The Company has manufactured 3,037.89 MT of food colours against 2,514.05 MT in the previous year. Your Directors assure to maintain the growth momentum in coming years and strive for bright future of your Company.

3. Change in the nature of business, if any:

The Company is engaged in the business of manufacturing and trading in synthetic food colours and chemicals. There was no change in nature of business activity during the year.

4. Dividend:

Your Directors are pleased to recommend a final dividend of ₹ 0.20/- (Twenty Paisa Only) per equity share of ₹ 1/- each fully paid up (i.e. 20%) for the financial year ended March 31, 2018. The total outflow on dividend account will be ₹ 99.89 lakhs (excluding Dividend Distribution Tax).

The dividend payment is subject to the approval of the Members at the ensuing Annual General Meeting ('AGM') and be paid to the Members whose names appear in the Register of Members/Beneficial Holders as on Record Date/Book Closure Date fixed for the said purpose.

The dividend, if declared at the AGM, would be paid/dispatched within thirty days from the date of declaration of dividend to those persons or their mandates:

- whose names appear as beneficial owners as at the end of the business hours on Friday, September 21, 2018 in the list of the Beneficial Owners to be obtained from the Depositories, i.e. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL], in respect of the shares held in electronic/dematerialized mode; and
- whose names appear as Members in the Register of Members of the Company as on Friday, September 21, 2018 after giving effect to valid share transfers in physical forms lodged with the Company/Registrar & Share Transfer Agent, in respect of the shares held in physical mode.

In line with our focus on enhancing shareholder returns and in view of the Company's strong cash generation and positive growth momentum, the Board of Directors decided to distribute profits to its Members and accordingly the Board of Directors had declared interim dividends during the financial year 2017-18 as per details given below:

Type of Dividend	Date of Board Meeting	Rate of Dividend	Per share Dividend	Total Outflow*
1st Interim Dividend	25.09.2017	20% per share	₹0.20/- per share	₹99.89 lakhs
2nd Interim Dividend	24.11.2017	20% per share	₹0.20/- per share	₹99.89 lakhs
3rd Interim Dividend	14.02.2018	20% per share	₹0.20/- per share	₹99.89 lakhs

**excluding Dividend Distribution Tax paid by the Company*

Total dividend payout for the financial year 2017-18 is ₹ 0.80/- per equity share of ₹ 1/- each against ₹ 0.80/- per equity share for previous year.

Further, the details of unclaimed dividend and due dates for transfer of unclaimed dividend to IEPF account has been given in Notes to the Notice calling Twenty-Fifth AGM.

5. Reserves:

The Board, during the year under review, has transferred ₹157.13 lakhs (PY ₹145.73 lakhs) to General Reserves.

6. Directors and Key Managerial Personnel:

As on the date of this Report, your Company has 8 (Eight) Directors consisting of 4 (Four) Independent Directors. 2 (Two) are Executive Directors and 2 (Two) are Non-Executive Directors, including a Woman Director.

In pursuance of the provisions of Section 152(6) of the Act and Articles of Association of the Company, Mr. Mihir B. Manek (DIN: 00650613) retires by rotation from the Board in the ensuing AGM and, being eligible for re-appointment, has offered himself for re-appointment. The Board of Directors recommends his re-appointment to the Members of the Company.

During the year under review, Mr. Chetan P. Bavishi (DIN: 01978410), Independent & Non-Executive Director, has resigned from the Board of Directors of the Company with effect from June 13, 2018 due to personal commitments and other pre-occupations. The Board of Directors places on record their appreciation for the valuable contributions made by Mr. Chetan P. Bavishi (DIN: 01978410).

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on Monday, September 25, 2017 has re-appointment Mr. Bipin M. Manek (DIN: 00416441) as the Chairman and Managing Director of the Company w.e.f. November 1, 2017 for a further period of five financial years i.e. till October 31, 2022. The said re-appointment was made subject to the approval of the Members. The approval of the Members was received at an Extra-ordinary General Meeting of the Company held on Thursday, March 29, 2018.

The Securities and Exchange Board of India ('SEBI') has vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 issued the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Amendment Regulations') which brought amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). The Amendment Regulations inserted Regulation 17(1A), 17(6)(ca) and 17(6)(e) in the Listing Regulations, to be effective from April 1, 2019. According to the Amendment Regulation 17(1A), a person who has attained the age of seventy five years can be appointed or continue as a Non-Executive Director of any listed entity only after the approval of the Members by way of a Special Resolution is obtained. Mr. Vijay Atre (DIN: 00416853) and Mr. Prafulchandra Shah (DIN: 00417022) have already attained the age of seventy five years. Thus, in order to comply with the above amendment, Special Resolutions are proposed in the ensuing AGM for Mr. Vijay Atre (DIN: 00416853) and Mr. Prafulchandra Shah (DIN: 00417022) to continue to hold the office of a Non-Executive Director and an Independent Non-Executive Director of the Company, respectively, on existing terms and conditions.

Further, according to the Amendment Regulation 17(6)(ca), approval of the Members by way of a Special Resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all the Non-Executive Directors, giving details of the remuneration thereof. Since payment of remuneration to Mr. Vijay Atre (DIN: 00416853) as a Non-Executive Director is more than fifty per cent of the total annual remuneration payable to all the Non-Executive Directors, in order to comply with this amendment and continue to pay him a remuneration on his existing scale during the financial year 2019-20, a Special Resolution is proposed in the ensuing AGM.

According to the Amendment Regulation 17(6)(e), if the aggregate annual remuneration payable to more than one Executive Director who is a Promoter or is a Member of the Promoter Group, exceeds 5% of the net profits of the Company calculated as per Section 198 of the Act then approval of the Members by way of a Special Resolution is required. Such approval of the Members under this provision shall be valid only till the expiry of the term of such Director. The approval of the Members by way of a Special Resolution is required since the Company has more than one Promoter Executive Director, i.e. Mr. Bipin M. Manek (DIN: 00416441) and Mr. Mihir B. Manek (DIN: 00650613), and remuneration paid to them is in excess of 5% of the net profits of the Company calculated as per Section 198 of the Act, even though the annual remuneration payable to the Executive Directors is within the limit of 5% and 10% as specified u/s 197(1) of the Act.

The Board recommends the aforesaid re-appointment and continuation as the Directors of the Company. The Board also recommends the approval for payment of aggregate annual remuneration to the Promoter-Executive Directors/Members of the Promoter Group exceeding 5% of the net profits of the Company and the payment of aggregate annual remuneration to Mr. Vijay K. Atre (DIN: 00416853) as a Non-Executive Director of the Company, which exceeds fifty per cent of the total annual remuneration payable to all the Non-Executive Directors.

The Company has received declarations from all the Independent Directors of the Company pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided under the Act and the Listing Regulations and that they are not disqualified to become Directors under the Act; and in the opinion of the Board of Directors, all the Independent Directors fulfill the criteria of independence as provided under the Act read with the Listing Regulations and that they are independent of the Management.

Further, at the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his role, function, duties and responsibilities. The format of the letter of appointment is available on our website at *http://www.vidhifoodcolour.com/financials.php?m=52*

Brief resume and other details of the Director proposed to be re-appointed and Directors seeking approval for continuation of holding the office as the Non-Executive Directors at the AGM, as stipulated under the Listing Regulations and Secretarial Standard-2, has been furnished separately in the Notice convening the AGM read with the Annexure thereto forming part of this Report.

Details of the number of meetings of the Board of Directors and Committees and attendance at the meetings have been furnished in the *Report on Corporate Governance*.

Following persons are designated as Key Managerial Personnel (KMP):

- Mr. Bipin M. Manek (DIN: 00416441), Chairman and Managing Director
- Mr. Mitesh D. Manek, Chief Financial Officer
- Ms. Kalika V. Dabholkar, Company Secretary and Compliance Officer

7. Board Evaluation:

The Board of Directors is committed to continued improvement in its effectiveness. Accordingly, the Board participated in the annual formal evaluation of its performance. This was designed to ensure, amongst other things, that the Board, its Committees and each Director continue to contribute effectively.

As per Section 134(3)(p) of the Act, a statement indicating the manner in which formal annual evaluation was made by the Board of their performance and that of its Committees and individual Directors, has to be furnished to the shareholders as part of the Board's Report. Further, the Independent Directors as part of their mandate under Schedule IV of the Act need to make an evaluation of performance of the constituents of the Board apart from their self evaluation. Under this process, a structured questionnaire was prepared after taking into consideration inputs received from the Directors, setting out parameters of evaluation; the questionnaire for evaluation are to be filled in, consolidated and discussed with the Chairman. The evaluation by the Independent Directors has been undertaken at their meeting held on August 16, 2017. The Board of Directors undertook evaluation of Independent Directors at their meeting held on February 14, 2018 and placed on its record that the Independent Directors have the requisite qualification, expertise and track record for performing their duties as envisaged under the Law, and they add value in the decision making process of the Board.

The criteria for evaluation of performance of Directors, the Board as a whole and the Board's Committee, are summarized in the table given below:

Evaluation of	Evaluation by	Criteria
Non-Independent Director (Executive)	Independent Directors	Transparency, Leadership (business and people), Governance and Communication
Non-Independent Director (Non-Executive)	Independent Directors	Preparedness, Participation, Value addition, Governance and Communication
Independent Director	All other Board Members	Preparedness, Participation, Value addition, Governance and Communication
Chairman	Independent Directors	Meeting dynamics, Leadership (business and people), Governance and Communication
Committees	Board Members	Composition, Process and Dynamics
Board as a whole	Independent Directors	Composition, Process and Dynamics

8. Board Familiarization Programmes:

At the time of appointment of a new Director, through the induction process, he/she is familiarized with the Company, the Director's roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Detailed presentations are made before the Board Members at the Board and its Committee Meetings covering various areas including business, strategy, financial performance and forecast, compliances/regulatory updates, audit reports, risk assessment and mitigation, industry, roles, rights, responsibilities of Independent Directors, etc.

Familiarization Programmes for Independent Directors:

The Familiarization Programme aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. All Independent Directors attended the orientation and familiarization programmes held during the financial year 2017-18.

The details of training and familiarization programmes are available on our website at *http://www.vidhifoodcolour.com/financial/code_policies/familiarisation_programe_for_independent_director.pdf*

9. Policy on the Directors' appointment and remuneration:

The Company's Policy on the Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Directors and other matters as provided under Section 178 of the Act is annexed to this Report as the Nomination & Remuneration Policy and appended as ***Annexure A*** to this Report.

10. Number of meetings of the Board of Directors:

The Board of Directors met 7 (Seven) times during the Financial Year under review. The intervening gap between any two meetings was not more than 120 days as prescribed under the Act. Details of the dates of Board Meetings and the attendance of the Directors at the Board Meetings are provided separately in the *Report on Corporate Governance.*

11. Audit Committee:

The Audit Committee of the Company consists of the following Directors as on the date of this Report:

Name	Designation	Category
Mr. Nirenbhai D. Desai (DIN: 01978382)	Chairman	Non-Executive, Independent
Mr. Prafulchandra A. Shah (DIN: 00417022)	Member	Non-Executive, Independent
Mr. Chetan P. Bavishi (DIN: 01978410)*	Member	Non-Executive, Independent
Mr. Mihir B. Manek (DIN: 00650613)	Member	Executive

******resigned from the Board of Directors of the Company with effect from June 13, 2018. Thus, he ceased to be the Member of the Audit Committee.*

The Internal Auditors of the Company report directly to the Audit Committee. All the recommendations of the Audit Committee were accepted by the Board of Directors. Brief description of terms of reference and other relevant details of the Audit Committee have been furnished in the *Report on Corporate Governance*.

12. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of the Company comprises of the following Directors as on the date of this Report:

Name	Designation	Category
Mr. Nirenbhai D. Desai (DIN: 01978382)	Chairman	Non-Executive, Independent
Mr. Prafulchandra A. Shah (DIN: 00417022)	Member	Non-Executive, Independent
Mr. Chetan P. Bavishi (DIN: 01978410)*	Member	Non-Executive, Independent
Mrs. Pravina B Manek (DIN: 00416533)	Member	Non-Executive, Promoter

******resigned from the Board of Directors of the Company with effect from June 13, 2018. Thus, he ceased to be the Member of the Nomination and Remuneration Committee.*

Brief description of terms of reference and other relevant details of the Nomination and Remuneration Committee have been furnished in the *Report on Corporate Governance.*

13. Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee of the Company comprises of the following Directors as on the date of this Report:

Name	Designation	Category
Mrs. Pravina B. Manek (DIN: 00416533)	Chairperson	Non-Executive, Promoter
Mr. Prafulchandra A. Shah (DIN: 00417022)	Member	Non-Executive, Independent
Mr. Chetan P. Bavishi (DIN: 01978410)*	Member	Non-Executive, Independent

******resigned from the Board of Directors of the Company with effect from June 13, 2018. Thus, he ceased to be the Member of the Stakeholders' Relationship Committee.*

Brief description of terms of reference and other relevant details of the Stakeholders' Relationship Committee have been furnished in the *Report on Corporate Governance*.

14. CSR Committee:

The constitution, composition, quorum requirements, terms of reference, role, powers, rights, obligations of Corporate Social Responsibility Committee ('CSR Committee') are in conformity with the provisions of Section 135 and all other applicable provisions of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other applicable rules made under the Act.

The CSR Committee comprises of the following Directors as on the date of this Report:

Name	Designation	Category
Mr. Prafulchandra A. Shah (DIN: 00417022)	Chairman	Non-Executive, Independent
Mr. Chetan P. Bavishi (DIN: 01978410)*	Member	Non-Executive, Independent
Mr. Nirenbhai D. Desai (DIN: 01978382)	Member	Non-Executive, Independent
Mr. Rahul C. Berde (DIN: 06981981)	Member	Non-Executive, Independent

******resigned from the Board of Directors of the Company with effect from June 13, 2018. Thus, he ceased to be the Member of the Corporate Social Responsibility Committee.*

During the financial year under review, the Committee met twice on August 16, 2017 and February 14, 2018.

Brief description of terms of reference of the Committee *inter-alia* includes:

- formulate and recommend to the Board of Directors (Board), a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- approve CSR activities;
- recommend to the Board the amount of expenditure to be incurred on the CSR activities;
- monitor the CSR Policy of the Company from time to time;
- institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company; and
- carry out any other functions as authorized by the Board from time to time or as enforced by statutory/regulatory authorities.

CSR Policy development and implementation:

The CSR Policy is available on the Company's website at:

http://www.vidhifoodcolour.com/financial/code_policies/csr_policy.pdf

Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as ***Annexure B*** to this Report.

15. Vigil Mechanism:

The Company has a 'Whistle Blower Policy'/'Vigil Mechanism' in place. The objective of the Vigil Mechanism is to provide the employees, Directors, customers, contractors and other stakeholders of/in the Company an impartial and fair avenue to raise concerns and seek their redressal, in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and fair dealings with all its stakeholders and constituents and its commitment to open communication channels. The Company is also committed to provide requisite safeguards for the protection of the persons who raise such concerns from reprisals or victimization, for whistle blowing in good faith. The Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee. The Policy contains the provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

Vigil Mechanism cum Whistle Blower Policy is available on the Company's website at:

http://www.vidhifoodcolour.com/financial/code_policies/vigil_mechanism.pdf

16. Audit Report:

a) Statutory Audit Report:

The Company has received a modified opinion in the Auditors' Report for the financial year 2017-18 which read as under:

The Provision for gratuity as required as per Ind AS 19 - "Employee Benefits" has not been made in current year. The impact of same cannot be ascertained in absence of audit evidence (Actuarial Report) which constitutes a departure from the Ind AS 19 – "Employee Benefits". Consequently, the employee cost and short term & long term provisions are understated, profit for the year and other equity are overstated.

The Management's reply to the above audit observation is as follows:

The Management of the Company is in the process of obtaining actuarial valuation report to adopt Ind AS 19. The Management is of the opinion that the provisions related to employee benefits made in the financial statement are adequate. Thus, the impact of understatement of employee cost and short term & long term provisions and the consequential overstatement of profit for the year and other equity would be minimal.

Comments given in Annexure to the Auditors' Report are self explanatory.

b) Secretarial Audit Report:

The Board of Directors had appointed M/s. Hemanshu Kapadia & Associates, Company Secretaries (FCS: **3477** and C.P. No.: **2285**), to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is appended as ***Annexure C*** to this Report.

The Secretarial Audit Report dated August 10, 2018 contains two observations. The observations of the Secretarial Auditors and the reply of the Management for the same are as under:

Sr. No.	Secretarial Auditors' Observation	Reply from the Management
1	There was a minor delay in transferring the amount of 1st interim dividend declared for the financial year 2017-18 in the Scheduled Bank.	The delay in transferring the amount was on account of system upgradation carried out by the Corporation Bank with whom the Company opened the Bank Account. Hence, there was a minor delay.
2	The Company has not uploaded e-Form IEPF-2 pertaining to details of Unclaimed & Unpaid Dividend amounts as on the date of the AGM held for the financial year 2016-17 with ROC/MCA within the stipulated time.	The Company is in the process of reconciliation of the Statement of Unpaid/Unclaimed Dividend amounts received by the Bank and the Registrar & Share Transfer Agents (R & TA) since there was a difference in the amounts reported by both of them. On completion of reconciliation, the Company shall file the e-Form IEPF-2 with ROC/MCA.

17. Auditors:

a) Statutory Auditors:

On the recommendation of the Audit Committee and the Board, the Members, in their Twenty-Fourth Annual General Meeting has appointed M/s. JMR & Associates, Chartered Accountants, Mumbai (Firm Registration No: 106912W) ('JMR') as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the Twenty-Fourth AGM of the Company till the conclusion of the Twenty-Ninth AGM to be held for the financial year 2021-22. In view of provisions of proviso to Section 139(1) of the Act, the said appointment was made subject to ratification of their appointment in subsequent AGMs. Pursuant to the Companies (Amendment) Act, 2017, the said proviso was omitted with effect from May 7, 2018. In view of the same, no ratification of appointment of Auditors will be required every year. However, as at the time of appointment, i.e. as at the Twenty-Fourth AGM, it was decided to ratify appointment of the Statutory Auditors in subsequent AGMs. Accordingly, it is recommended to ratify their appointment in this AGM for their remaining tenure and payment of remuneration.

JMR has furnished a certificate in terms of the Act and the Companies (Audit and Auditors) Rules, 2014 and confirmed their eligibility in terms of the provisions of Section 141 and all other applicable provisions of the Act, read with the applicable Rules thereto.

b) Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries (FCS: **3477** and C.P. No.: **2285**), to undertake the Secretarial Audit of the Company for the financial year 2018-19 and issue Secretarial Audit Report as required under the Act.

c) Internal Auditors:

Pursuant to the provisions of Section 138 of the Act read with Rule 13 of Companies (Accounts) Rules, 2014 and on the basis of the recommendation of Audit Committee, the Board of Directors in their meeting held on May 23, 2018 had appointed M/s. Rahul Gondhiya & Associates, Chartered Accountants, Mumbai (Firm Registration Number: 133649W) as the Internal Auditors of the Company for the financial year ended March 31, 2019.

18. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information as per Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 with respect to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo are given in ***Annexure D*** to this Report.

19. Managerial Remuneration and Particulars of Employees:

Disclosures pertaining to remuneration and other details as required under section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as ***Annexure E*** to this Report.

20. Extract of Annual Return:

In accordance with Section 134(3)(a) read with Section 92(3) of the Act, an extract of the Annual Return in Form MGT-9 is placed on the website of the Company and same can be downloaded by clicking on the following link: *http://www.vidhifoodcolour.com/financial/MGT-9_201718.pdf*

21. Share Capital & Listing of Securities:

During the financial year under review, the Company has not issued:

- any equity shares with differential rights as to dividend, voting or otherwise;
- any equity shares (including sweat equity shares) to employees of the Company under any scheme;
- any sweat equity shares.

The Company's equity shares are listed on Ahmedabad Stock Exchange Limited (ASE)*****, BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). The stock code of the Company at ASE***** is 65175, BSE is 531717 and the symbol for NSE is VIDHIING.

******The equity shares of the Company are listed on ASE - A-2, Kamdhenu Complex, Opposite Sahajanand College, 120 Feet Ring Rd, Panjara Pol, Ambawadi, Ahmedabad, Gujarat-380 015. However, ASE has applied to the SEBI on July 11, 2014 for surrender to exit as Stock Exchange. On April 2, 2018 the SEBI has passed an Exit Order in respect of ASE.*

22. Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the financial year under review as stipulated under regulation 34 of the Listing Regulations is set out in a separate Section forming part of this Report.

23. Corporate Governance:

The Company is adhering to good corporate governance practices in every sphere of its operations. The Company has taken adequate steps to comply with the applicable provisions of Corporate Governance as stipulated under the Listing Regulations. A separate *Report on Corporate Governance* is enclosed as a part of this Report along with the Certificate from the Practicing Company Secretary.

24. Directors' Responsibility Statement:

As stipulated under section 134(3)(c) read with Section 134(5) of the Act, your Directors hereby state and confirm that:

a) in the preparation of the annual accounts for the financial year ended on March 31, 2018, the applicable accounting standards have been followed and that there are no material departures from the same *except the provision for gratuity has not been made as per Ind AS 19 – "Employee Benefits";*

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 ended on March 31, 2018 and of the profit and loss 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, 2013 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;

e) they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively during the financial year ended March 31, 2018; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively during the financial year ended March 31, 2018.

25. Particulars of Contracts and arrangements with related parties:

During the financial year under review, the Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material in accordance with the Company's Policy on materiality of related party transactions. All contracts/arrangements/transactions entered into by the Company during the financial year under review with related parties were in the ordinary course of business and on an arm's length basis. Accordingly, the disclosure of related party transactions to be provided under section 134(3)(h) of the Act in Form AOC-2 is not applicable.

The details of transactions entered into with related parties, as per Accounting Standards, are disclosed in the Note No. 26 of the Financial Statement.

The Company's Policy on Materiality of related party transactions and dealing with related party transactions is available on the Company's website at: *http://www.vidhifoodcolour.com/financial/code_policies/policy_on_related_party_transactions.pdf*

26. Particulars of loans given, investments made, guarantees given and securities provided:

The Company has not given any loan, except loan to employees, or given guarantee or provided securities as covered under section 186 of the Act. Further, the Company has not made any fresh investment falling within the meaning of Section 186 of the Act.

On the recommendation of the Audit Committee and the Board of Directors, the Members in their Extra-ordinary General Meeting held on Thursday, March 29, 2018 has approved acquisition of 100% shareholding in Arjun Food Colorants Manufacturing Private Limited, a Company promoted by the Promoters of the Company. As on March 31, 2018, the Company does not have any investments.

27. Risk Management:

The Company is exposed to inherent uncertainties owing to the sector in which it operates. A key factor in determining a Company's capacity to create sustainable value is the risks that the Company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a Company's operating environment and they emerge on a regular basis. The Company's Risk Management process focuses on ensuring that these risks are identified on a timely basis and addressed.

The Audit Committee oversees enterprise risk management Framework to ensure execution of decided strategies with focus on action and monitoring risks arising out of unintended consequences of decisions or actions and related to performance, operations, compliance, incidents, processes, systems and transactions are managed appropriately. The Company believes that the overall risk exposure of present and future risks remains within risk capacity.

28. Internal Financial Controls with reference to the Financial Statement:

The Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has in place adequate internal financial controls with reference to financial statements. The Company's internal control systems, including internal financial controls, are commensurate with the nature of its business and the size and complexity of its operations and same are adequate and operating effectively. These systems are periodically tested and no reportable material weakness in the design or operation was observed. The Audit Committee reviews adequacy and effectiveness of the Company's internal control system including internal financial controls.

29. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act, including constitution of the Internal Complaints Committee. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this Policy. The Policy is gender neutral. We are pleased to inform you that no complaints pertaining to sexual harassment were received during the Financial Year 2017-18.

30. Insurance:

The Company has taken insurance, to the extent Management felt appropriate, to cover the risks to its employees, property, plant and equipment, buildings and other assets and third parties.

31. Secretarial Standards:

The Company has complied with all the applicable secretarial standards issued by The Institute of Company Secretaries of India and notified by the Central Government.

32. Cost Records:

As per Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the maintenance of cost records is not mandated for the products manufactured by the Company.

33. Other Disclosures/Reporting:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no events/ instances/transactions occurred on these items during the year under review:

a) Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report;

b) Details about Subsidiary Company/Associate Company, as the Company does not have any Subsidiary Company/ Associate Company;

c) Details relating to deposits covered under Chapter V of the Act;

d) Details of payment of remuneration or commission to Managing Director or Joint Managing Director of the Company from any of its Subsidiary Company since the Company does not have any Subsidiary Company;

e) Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Act);

f) Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future; and

g) Details in respect of frauds reported by Auditors under section 143(12) other than those which are reportable to the Central Government, as there were no such frauds reported by the Auditors.

34. Acknowledgements:

Your Board wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Government Authorities, Bankers, Customers, Employees and Members during the year under review and look forward to their continued support.

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Annexure A

Nomination & Remuneration Policy

I. OBJECTIVE:

The Nomination and Remuneration Committee (NRC or the Committee) has formulated the Nomination & Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Regulation 19(4) read with Part D of Schedule II under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy is mainly focused on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management.

The objective of the policy is to ensure that:

- the Board is being guided in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management including Department head;
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

II. DEFINITIONS

Key definitions of terms used in this Policy are as follows:

1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. **Listing Regulations** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
3. **Board** means Board of Directors of the Company.
4. **Directors** mean Directors of the Company.
5. **Key Managerial Personnel** means
   i. Chief Executive Officer or the Managing Director or the Manager;
   ii. Whole-time director;
   iii. Chief Financial Officer;
   iv. Company Secretary; and
   v. such other officer as may be prescribed.
6. **Senior Management** means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

III. ROLE OF COMMITTEE

1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

i. Periodically review the size and composition of the Board to ensure that it is structured in such a manner which enables to take appropriate decision in the best interest of the Company as a whole;

ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommending candidates to the Board as and when need arises keeping in view the Board structure and expertise/experience required;

iii. Establish and on regular basis, review the succession plan of the Board, KMPs and Senior Executives;

iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;

v. To formulate criteria for evaluation of Independent Directors and the Board;

vi. Recommend to the Board, performance criteria for the Directors, KMPs and Senior Management;

vii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel and their remuneration;

viii. Help the Board to formulate and ensure the Board nomination process keeping in mind the diversity of gender, expertise, experience and Board structure;

ix. Review and recommend to the Board:

a) The Remuneration Policy for all employees including KMPs and Senior Management including various components of remuneration whether fix or variable, performance reward, retirement benefits,

b) Remuneration of the Executive Directors and KMPs,

c) Remuneration of Non Executive Directors including Chairman, as a whole and individually and sitting fees to be paid for attending the meeting of the Board and Committee thereof, and

d) Equity based incentive Schemes;

x. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and

xi. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;

xii. Devising a policy on diversity of the Board of Directors;

xiii. Aligning key executive and board remuneration with the long term interests of the Company and its shareholders;

xiv. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board;

xv. To carry out any other functions as authorized by the Board from time to time or as enforced by statutory/ regulatory authorities;

xvi. To perform such other functions as may be necessary or appropriate for the performance of its duties;

2. Policy for appointment and removal of Director, KMP and Senior Management

i. Appointment criteria and qualifications

a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment, as per Company's Policy.

b. A person to be recommended to the Board should be a man with integrity, possess adequate qualification, expertise and experience for the position he/ she is considered for appointment and industry in which Company operates. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

c. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.

d. The Company shall not appoint or continue the employment of any person as Managing Director and/or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

e. A whole-time KMP of the Company shall not hold office in more than one Company except in its Subsidiary Company at the same time. However, a whole-time KMP can be appointed as a Director in any Company with the permission of the Board of Directors of the Company.

ii. Term/Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its, Managing Director or Executive/Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that, an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serve is restricted to seven Listed Companies as an Independent Director and three Listed Companies as an Independent Director in case such person is serving as a Whole-time Director of a Listed Company or such other number as may be prescribed under the Act.

iii. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly) or at such intervals as may be considered necessary.

iv. Removal

The Committee may recommend to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations and the policy of the Company.

v. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the term of appointment, provisions of the Act, Listing Regulations and the Policies of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to compliance of provisions of the Act and Listing Regulations.

3. Policy relating to the Remuneration for the Managing Director, Whole-time Director, KMP and Senior Management Personnel

i. General:

a) The remuneration/compensation/commission/fees etc. to be paid to the Managing Director, Whole-time Director, other Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval which shall be subject to the prior/post approval of the shareholders of the Company or Central Government, wherever required.

b) The remuneration and commission to be paid to the Managing Director, Whole-time Director shall be in accordance with the percentage/ slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director and Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

ii. Remuneration to Managing Director/Whole-time Directors:

a) Fixed pay:

The Managing Director/Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee, subject to the approval of the shareholders or Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director, Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval of the shareholders or the Central Government, where required, he /she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the shareholder or Central Government.

iii. Remuneration to Non- Executive/Independent Director:

a) Sitting Fees:

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. However, the amount of such fees shall not exceed ₹ 1 lakh per meeting of the Board or Committee attended by Director or such other amount as may be prescribed by the Central Government from time to time.

b) Remuneration/Commission:

All the remuneration of the Non-Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

c) Stock Options:

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

d) Remuneration for services of Professional Nature:

Any remuneration paid to Non- Executive Directors for services rendered which are professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

i) The Services are rendered by such Director in his/her capacity as the professional; and

ii) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

iv. Remuneration to Key Managerial Personnel and Senior Management:

a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

b) The Nomination and Remuneration Committee or any other Committee to be constituted by the Company for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.

c) The fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.

d) The incentive pay/performance linked pay shall be decided based on the extent of achievement of the individual target/objective or performance of the Key Managerial Personnel and Senior Management and performance of the Company which will be decided annually or at such intervals as may be considered appropriate.

4. Policy Review:

The Policy is framed based on the provisions of the Companies Act, 2013 and rules made there under and the requirement of Regulation 19(4) and Schedule II (Part D) of the Listing Regulations. In case of any subsequent changes in the provisions of the Act or any other Regulations which makes any of the provisions of this Policy inconsistent with the Act or any such Regulation, then the provisions of the Act or such Regulation would prevail over the Policy and the provisions in the Policy would be modified in due course to make it in consistent with the Act or such Regulation.

The Committee shall review the Policy as and when any changes are to be incorporated in the Policy due to changes in the Act or such Regulation or felt necessary by the Committee. Any changes in the Policy shall be recommended by the Committee to the Board and shall be effective on approval of the Board.

IV. Implementation:

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Annexure B

Annual Report on Corporate Social Responsibility (CSR) activities

[Pursuant to clause (c) of Section 134(1) of the Companies Act, 2013 and the provisions of Section 135 of the Companies Act, 2013 read with Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be undertaken:**

   Vidhi Specialty Food Ingredients Limited ('Vidhi'/'the Company') considers CSR as its commitment to its stakeholders, including the society at large, to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

   The Company's CSR Policy aims to develop and implement a long-term vision and strategy for Vidhi's CSR initiatives including formulating relevant potential CSR activities, their timely and expeditious implementation and establishing an overview mechanism of the activities undertaken/to be undertaken, in synchronization with the various eligible activities prescribed under Schedule VII of the Act.

   The CSR Policy is available on the Company's website at:

   http://www.vidhifoodcolour.com/financial/code_policies/csr_policy.pdf

2. **The Composition of the CSR Committee as on the date of this Report:**

   Mr. Prafulchandra A. Shah (DIN: 00417022) - Chairman

   Mr. Chetan P. Bavishi (DIN: 01978410)* - Member

   Mr. Nirenbhai D. Desai (DIN: 01978382) - Member

   Mr. Rahul C. Berde (DIN: 06981981) - Member

   **resigned from the Board of Directors of the Company with effect from June 13, 2018. Thus, he ceased to be the Member of the Corporate Social Responsibility Committee.*

3. **Average net profit of the Company for last three financial years:** ₹ 2,197.55 lakhs

4. **Prescribed CSR Expenditure** (two per cent of the amount as in item 3 above): ₹ 43.95 lakhs

5. **Details of CSR spent during the financial year:**

   a) Total amount to be spent for the financial year under review: ₹ 40.00 lakhs

   b) Amount unspent, if any: ₹ 3.95 lakhs

c) Manner in which the amount spent during the financial year under review:

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013)**	**Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead**	**Cumulative Expenditure upto the reporting period**	**Amount spent: Direct or through Implementing agency**
1	Promoting education, including special education and employment enhancing vocational skills	Clause No. ii	(1) Other (2) Dhule, Maharashtra	40.00	40.00	40.00	The Shirpur Education Society, Shirpur, Dhule
	TOTAL			40.00	40.00	40.00	

6. Reasons for not spending the prescribed amount:

As per the provisions of Section 135 of the Companies Act, 2013, the Company was required to spend an amount of ₹ 43.95 lakhs. However, the Board, based on the recommendation of CSR Committee, has spent ₹ 40.00 lakhs during the financial year 2017-18. The unspent amount of ₹ 3.95 lakhs will be spent during the coming years on identification of a suitable project.

7. Responsibility statement of the CSR Committee:

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

Sd/-
Mr. Bipin M. Manek
(DIN: 00416441)
Chairman and Managing Director

Sd/-
Mr. Prafulchandra A. Shah
(DIN: 00417022)
Chairman of CSR Committee

Date: August 10, 2018
Place: Mumbai

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Vidhi Specialty Food Ingredients Limited
CIN: L24110MH1994PLC076156
E/27, Commerce Centre,
78, Tardeo Road, Mumbai - 400 034

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vidhi Specialty Food Ingredients Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ("the audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018, according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the Rules made thereunder including any re-enactment thereof;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not Applicable to the Company during the audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company)**;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the audit period as the Company has not issued any new securities)**;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the audit period);**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the audit period as the Company has not issued any Debt instruments/Securities);**

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the audit period as delisting of securities did not take place);**

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the audit period as the Company has not bought back its securities);**

vi. The following industry specific laws and regulations, as informed and certified by the Audit Committee of the Company which are specifically applicable to the Company based on Food Colour Manufacturing Industry:

- The Food Safety & Standards Act, 2006;
- The Food Safety and Standards (Laboratory and Sampling Analysis) Regulations, 2011;
- The Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
- The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
- The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;
- The Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011;
- The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and as notified by the Central Government, and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above (wherever applicable); subject to the following observations:

1. *There was a minor delay in transferring the amount of 1st interim dividend declared for the financial year 2017-18 in the Scheduled Bank.*
2. *The Company has not uploaded e-Form IEPF-2 pertaining to details of Unclaimed & Unpaid Dividend amounts as on the date of the AGM held for the financial year 2016-17 with ROC/MCA within the stipulated time.*

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Notices of the Board/Committee Meetings were given to all the Directors alongwith the agenda and detailed notes on agenda at least seven days in advance, except where meeting was called and held at shorter notice, in compliance with the provisions of the Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings held during the year and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded. Further, as confirmed by the Management, mechanism to capture and record the dissenting Members' views as a part of the minutes, exist.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of:

(i) Public/Rights/Preferential issue of shares/debentures/sweat equity;

(ii) Redemption/buy-back of securities;

(iii) Merger/amalgamation/reconstruction, etc; and

(iv) Foreign Technical Collaborations.

For **Hemanshu Kapadia & Associates**
Practising Company Secretaries

Sd/-

Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: F3477

Date: August 10, 2018
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure I** and forms an integral part of this report.

Annexure I

To,
The Members,
Vidhi Specialty Food Ingredients Limited
CIN: L24110MH1994PLC076156
E/27, Commerce Centre,
78, Tardeo Road, Mumbai - 400 034

Our report of even date is to be read along with the letter:

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happenings of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, guidelines or standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Hemanshu Kapadia & Associates**
Practising Company Secretaries

Sd/-

Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: F3477

Date: August 10, 2018
Place: Mumbai

Annexure D

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(Pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014)

A. Energy Conservation:

1. **The steps taken/impact on conservation of energy:**

The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern and energy efficient equipments. Your Company has always considered energy and natural resource conservation as a focus area and has been consciously making efforts towards improving the energy performance year after year. Energy efficiency improvement initiatives have been implemented across all the plants and offices by undertaking various energy and resource conservation steps for sustainable development.

Further, the Company ensures adopting and following below mentioned energy saving measures:

a) Switching off equipments whenever not in use;

b) Printing only important documents;

c) Improvement in low insulation;

d) Periodic desertion of Boiler;

e) Use of energy efficient electric equipments;

f) Regular maintenance of Machines and equipments;

g) Use of natural lightning and natural ventilation; and

h) Educating employees and workers for energy conservation and creating awareness amongst the employees and workers.

2. **The steps taken by the Company for utilising Alternate Sources of Energy:**

a) LED bulbs installed to save energy;

b) Few batch processes scaled up/modified for saving of energy and time;

c) The Company will take continuous steps to use the alternate sources by using cost effective fuels; and

d) Power factor kept unity, few capacitors replaced resulting in significant cost savings.

3. **The capital investment on energy conservation equipments:**

For the year under review, the total capital investment on energy conservation equipment is NIL.

B. Technology Absorption:

1. **The efforts made towards technology absorption:**

Your Company has continued its endeavor to absorb advanced technologies for its product range to meet the requirements of a globally competitive market. Further, the Company is taking efforts to further improve quality of the Products. The Company strives to achieve innovations in its operations.

2. **The benefits derived like product improvement, cost reduction, product development or import substitution:**

The Company has not absorbed new technology during the year.

3. **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

No technology was imported during the preceding three years preceding to the reporting year.

4. **Expenditure incurred on Research and Development:**

The Company has an exclusive and dedicated Research & Development Division (R&D Division) attached to its major production centre. It carries out development of new products besides improvement of existing products and production processes. R&D Division is playing a pivotal role not only in the case of new products already launched but also those on the anvil. R&D Division is entrusted with the responsibility to develop ways and means to minimize the adverse effect of quality deterioration, if any. R&D Division of the Company has a team of trained and dedicated personnel to further strengthen its activities.

The Specific areas in which R&D is carried out are:

- Development of production processes to meet specific customer requirements;
- Development of new products, especially line extension of existing products and new applications for the same;
- Development of new process techniques for cost optimization as well as fuel and energy conservation; and
- Reduction in water consumption.

(₹ in lakhs)

Particulars	Financial year 2017-18
Research & Development Activities	30.00

C. Foreign Exchange Earnings and Outgo:

The Company's products are distributed over 80 countries across 6 continents. The Company continues to improve its export earning and increase in global presence. The Company has continued to maintain focus and avail of export opportunities based on economic consideration. The total Foreign Exchange Earning and Outgo in terms of actual inflow and outflow during the year was as follows:

(₹ in lakhs)

Particulars	Financial year 2017-18	Financial year 2016-17
Foreign Exchange Inflow	11,683.22	9,770.84
Foreign Exchange Outflow	9,007.35	10,153.41

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Annexure E

DETAILS OF REMUNERATION

Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The percentage increase in remuneration of each Director during the Financial Year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for the Financial Year 2017-18 (in ₹)	% Increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/to median remuneration of employees
1.	Mr. Bipin M. Manek (DIN: 00416441) Chairman and Managing Director	₹ 1,20,17,329/-	25.89	46.40
2.	Mr. Mihir B. Manek (DIN: 00650613) Joint Managing Director	₹ 1,20,17,329/-	25.89	46.40
3.	Mrs. Pravina B. Manek* (DIN: 00416533) Non-Executive Director	Nil	N.A.	N.A.
4.	Mr. Vijay K. Atre (DIN: 00416853) Non-Executive Director	₹ 3,00,000/-	0.00	1.16
5.	Mr. Prafulchandra A. Shah@ (DIN: 00417022) Independent Director	₹ 27,500/-	22.22	0.11
6.	Mr. Chetan P. Bavishi@ (DIN: 01978410) Independent Director	₹ 27,500/-	83.33	0.11
7.	Mr. Niren D. Desai@ (DIN: 01978382) Independent Director	₹ 37,500/-	25.00	0.14
8.	Mr. Rahul C. Berde@ (DIN:06981981) Independent Director	₹ 35,000/-	133.33	0.14
9.	Mr. Anil Kumar Dhar* (DIN: 01524239) Independent Director	Nil	N.A.	N.A.
10.	Mr. Mitesh D. Manek Chief Financial Officer	₹ 18,00,000/-	0.00	N.A.
11.	Ms. Kalika V. Dabholkar Company Secretary & Compliance Officer	₹ 3,00,000/-	0.00	N.A.

**Mrs. Pravina B. Manek (DIN: 00416533) and Mr. Anil Kumar Dhar (DIN: 01524239) do not draw any remuneration from the Company.*

@The remuneration of Independent Directors covers sitting fees only.

i. The percentage increase in the median remuneration of employees in the Financial Year:

In the Financial Year, there was an increase of 19.17% in the median remuneration of employees.

ii. The number of permanent employees on the pay roll of the Company:

There were 56 (Including KMPs) permanent employees on the rolls of the Company as on March 31, 2018.

iii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2017-18 was 24.62% whereas the percentile increase in the managerial remuneration for the Financial Year 2017-18 was 50%.

Justification: Increase in remuneration of the Chairman & Managing Director and Joint Managing Director is decided based on Company's performance, their individual performance, inflation, prevailing industry trends and benchmarks and their contribution in Company's growth. While deciding the remuneration of other Directors, various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of Committees, etc. was taken into consideration.

iv. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other employees.

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Details pertaining to remuneration as required under section 197(12) read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	1	2
Name	**Bipin M Manek***	**Mihir B Manek***
Designation	Chairman & Managing Director	Joint Managing Director
Remuneration paid	₹ 1,20,17,329/-	₹ 1,20,17,329/-
Nature of employment	Executive Director	Executive Director
Qualifications and Experience	B.Com with an overall experience of 32 years in the field of Imports & Exports in food colour industries and business management	B.Sc. in Industrial Chemistry with an overall experience of 12 years and expertise in the business of procurement of imported raw materials and distribution of various chemicals
Date of commencement of employment	19.01.1994	01.08.2006
Age	61 years	35 years
Previous Employment	N.A. since he is associated with the Company since its inception	He was not employed before joining the Company
No. of shares in the Company along with his spouse and dependent children	Individual holding: 1,41,10,333 Equity Shares Holding of the spouse: 1,79,90,667 Equity Shares	Nil
Whether relative of Director or employee	Related to Mr. Mihir Manek & Mrs. Pravina Manek	Related to Mr. Bipin Manek & Mrs. Pravina Manek

**these employees were in receipt of remuneration of more than one crore and two lakh rupees in aggregate for the financial year under review within the meaning of Rule 5(2)(i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.*

Sr. No.	3	4
Name	**Mitesh D Manek**	**Nilesh S Khedekar**
Designation	Chief Financial Officer	Marketing Manager
Remuneration paid	₹ 18,00,000/-	₹ 15,00,000/-
Nature of employment	Key Managerial Personnel	Permanent
Qualifications and Experience	M.Com with an overall experience of 15 years in finance and administration	B.E. Chemicals with an overall experience of over 14 years in marketing
Date of commencement of employment	01.04.2002	01.08.2016
Age	40 years	44 years
Previous Employment	He was not employed before joining the Company	Trade Networks Transport and Brokerage Private Limited
No. of shares in the Company along with his spouse and dependent children	Nil	Nil
Whether relative of Director or employee	Not related	Not related

Sr. No.	5	6
Name	**Manoj M Jadhav**	**Parag Y Surve**
Designation	Senior R&D Officer	Works Manager
Remuneration paid	₹ 8,70,000/-	₹ 7,86,000/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	Ph.D. with an overall experience of 5 years in Research and Development	M.Sc. with an overall experience of 22 years in production and administration
Date of commencement of employment	16.09.2016	01.07.1996
Age	32 years	46 years

Previous Employment	Rallis India Limited	He was not employed before joining the Company
No. of shares in the Company along with his spouse and dependent children	Nil	Nil
Whether relative of Director or employee	Not related	Not related

Sr. No.	7	8
Name	**Jaysingh K Burundkar**	**Milind R Patil**
Designation	Maintenance Manager	Quality Control Manager
Remuneration paid	₹ 6,07,360/-	₹ 5,65,110/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	B.E. with an overall experience of 25 years in maintenance of plant, machinery and other assets	M.Sc. with an overall experience of 25 years in quality control
Date of commencement of employment	01.04.2014	01.04.1996
Age	44 years	46 years
Previous Employment	Roha Dyechem Private Limited	Roha Dyechem Private Limited
No. of shares in the Company along with his spouse and dependent children	Nil	Nil
Whether relative of Director or employee	Not related	Not related

Sr. No.	9	10
Name	**Jitendra P Chavan**	**Nilesh A Thakur**
Designation	Stores Manager	Plant In-Charge
Remuneration paid	₹ 4,67,766/-	₹ 4,29,508/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	B.Com with an overall experience of 20 years in store-keeping	M.Sc with an overall experience of 20 years in production
Date of commencement of employment	15.06.2000	01.11.1996
Age	37 years	46 years
Previous Employment	He was not employed before joining the Company	He was not employed before joining the Company
No. of shares in the Company along with his spouse and dependent children	Nil	Nil
Whether relative of Director or employee	Not related	Not related

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a process to manage the business affairs of the Company towards enhancing business prosperity and accountability with the objective of realizing long term shareholder value. Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Corporate Governance enjoins a commitment of the Company to run the business in legal, ethical and transparent manner emanating from the top and permeating throughout the organization. It involves a set of relationships between the Company's Management, its Board, Shareholders and Stakeholders. It is one of the key elements in improving the economic efficiency of the enterprise. Credibility generated by sound Corporate Governance enables an enterprise in enhancing the confidence of the investors and in establishing productive and lasting business relationship with all stakeholders.

The Equity Shares of the Company are listed and admitted to dealings on Ahmedabad Stock Exchange Limited (ASE)*****, BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

*******The equity shares of the Company are listed on ASE - A-2, Kamdhenu Complex, Opposite Sahajanand College, 120 Feet Ring Rd, Panjara Pol, Ambawadi, Ahmedabad, Gujarat 380015. However, ASE has applied to the Securities and Exchange Board of India ('SEBI') on July 11, 2014 for surrender to exit as Stock Exchange. On April 2, 2018 the SEBI has passed an Exit Order in respect of ASE.*

Pursuant to the provisions of Regulation 34(3) read with Chapter IV and Schedule V and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a report on Corporate Governance for the financial year ended March 31, 2018 is furnished below:

(1) Brief statement on the Company's Philosophy on Code of Governance

The philosophy on Corporate Governance of Vidhi Specialty Food Ingredients Limited (Formerly known as 'Vidhi Dyestuffs Manufacturing Limited') ['the Company'/'Vidhi'] envisages attainment of transparency and accountability in all spheres including its dealings with Government and regulatory authorities, employees, shareholders, customers, lenders and others. Thus, Corporate Governance is a reflection of the Company's culture, policies, the Company's relationship with stakeholders and the Company's commitment towards values.

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct of the Company and among others, the Code for Prevention of Insider Trading and host of other policies. The Company, through its Board and committees, endeavours to maintain high standards of Corporate Governance for the benefit of its Shareholders and Stakeholders.

The commitment to good Corporate Governance is embodied in its values:

- Creative
- Open
- Responsible
- Entrepreneurial

The value 'Responsible' indicates that the Company acts responsibly as an integral part of society by adhering to high compliance standards. The Company has consistently shown a high level of commitment towards effective Corporate Governance.

The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the Management with the strategic direction catering to creation of long-term shareholders value. It's initiatives towards adhering to high standards of Governance include self governance, professionalization of the Board, fair and transparent processes and reporting systems. The Corporate Governance Principles implemented by the Company seeks to protect, recognize and facilitate shareholders rights and ensure timely and accurate disclosure to them.

The Company's Board comprises of individuals with considerable experience and expertise across a range of disciplines including business management, business strategy, direct taxation, finance and accounting. The Board members are fully aware of their roles and responsibilities in discharge of their key functions. The Board Members strive to meet the expectations of operational transparency without compromising on the need to maintain confidentiality of information.

The driving principles of our corporate governance framework are as follows:

- **In Spirit and Letter:** We Satisfy both; the spirit of the law and the letter of the law.
- **Stakeholder Relationship:** A common set of values govern relationships with customers, employees, shareholders, suppliers, bankers and the communities in which we operate.

- **Transparency:** We ensure transparency and believe in maintaining a high level of disclosure.
- **Corporate Structure:** We have a simple and transparent corporate structure driven solely by pure business needs.

(2) Board of Directors

a. Composition and category of Directors and number of other Board of Directors or Committees in which a Director is a Member or Chairperson:

The Company is fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors. The Company's Board represents an optimum mix of professionalism, knowledge and experience. The Board formulates strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Directors are responsible for day-to-day operations of the Company.

Vidhi's Board of Directors has an ideal composition of Executive and Non-Executive Directors with one Woman Director. More than half of the Board consists of Independent Directors. The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors (IDs) to maintain the independence of the Board and separate its functions of governance and management.

As per the declaration received from IDs, all IDs meets the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 ('the Act') and are abide by the obligations as laid down under regulation 25 of the Listing Regulations and Schedule IV of the Act. None of the Directors on the Board are Independent Directors of more than seven Listed Companies and none of the Whole-time Directors are Independent Directors of any Listed Company.

Composition of the Board of Directors as on March 31, 2018 was in accordance with the requirements of Regulation 17 of the Listing Regulations. As per Regulation 26(1) of the Listing Regulations, none of the Directors on the Board is the Member of more than 10 Committees and Chairperson of more than 5 Committees across all the Companies in which they are Directors. The same is also evidenced from the table given below.

As at March 31, 2018, in compliance with the Listing Regulations, Vidhi's Board of Directors headed by its Chairman & Managing Director - Mr. Bipin M. Manek (DIN: 00416441), comprised of 8 (Eight) other Directors, including a Woman Director, out of which 5 (Five) Directors are Independent Non-Executive Directors. Detailed profile of our Directors is available on our website at *www.vidhifoodcolour.com* and also given in this Annual Report.

Details relating to the composition of the Board of Directors, number of Directorships, Memberships and Chairmanships of the Directors of the Company in other Public Limited Companies as at March 31, 2018 are as follows:

Name of the Director(s) and their DIN	Designation	Category	No. of other Directorships#	Committee positions #	
				Chairperson	Member
Executive Directors					
Mr. Bipin M. Manek (DIN: 00416441)	Chairman & Managing Director	Promoter	Nil	Nil	Nil
Mr. Mihir B. Manek (DIN: 00650613)	Joint Managing Director	Promoter	Nil	Nil	1
Non-Executive Directors					
Mrs. Pravina B. Manek (DIN: 00416533)	Non-Executive Woman Director	Promoter	Nil	1	Nil
Mr. Vijay K. Atre (DIN: 00416853)	Non-Executive Director	Non-Independent	Nil	Nil	Nil
Mr. Prafulchandra A. Shah (DIN: 00417022)	Director	Independent	Nil	Nil	2
Mr. Chetan P. Bavishi (DIN: 01978410)	Director	Independent	Nil	Nil	2
Mr. Nirenbhai D. Desai (DIN: 01978382)	Director	Independent	Nil	1	Nil
Mr. Rahul C. Berde (DIN: 06981981)	Director	Independent	Nil	Nil	Nil
Mr. Anil Kumar Dhar (DIN: 01524239)	Director	Independent	2	1	2

#For the purpose of considering the number of other Directorships and Committee positions, all Public Limited Companies, whether listed or not, have been included and all other Companies including Private Limited Companies, Foreign Companies and Companies under section 8 of the Act have been excluded. Committee positions considered are only of Audit Committee and Stakeholders' Relationship Committee, including that of the Company.

b. Attendance of each of the Directors at the meetings of the Board of Directors held during the financial year under review and at the last Annual General Meeting (AGM) are as follows:

Name of Directors	30.05.17	16.08.17	11.09.17	25.09.17	24.11.17	14.02.18	23.02.18	Previous AGM (25.09.17)
Mr. Bipin M. Manek (DIN: 00416441)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mihir B. Manek (DIN: 00650613)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Pravina B. Manek (DIN: 00416533)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Vijay K. Atre (DIN: 00416853)	No	Yes	No	No	No	No	Yes	No
Mr. Prafulchandra A. Shah (DIN: 00417022)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Mr. Chetan P. Bavishi (DIN: 01978410)	No	Yes	Yes	Yes	Yes	Yes	No	Yes
Mr. Nirenbhai D. Desai (DIN: 01978382)	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Mr. Rahul C. Berde (DIN: 06981981)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Mr. Anil Kumar Dhar (DIN: 01524239)	Yes	Yes	No	Yes	No	Yes	No	Yes

c. Number of meetings of the Board of Directors held and dates on which held and date of the last AGM held:

7 (Seven) Board Meetings were held during the financial year under review, on May 30, 2017, August 16, 2017, September 11, 2017, September 25, 2017, November 24, 2017, February 14, 2018 and February 23, 2018.

The Twenty-Fourth Annual General Meeting was held on Monday, September 25, 2017.

d. Disclosure of relationships between directors *inter-se:*

Mr. Bipin M. Manek (DIN: 00416441), Mrs. Pravina B. Manek (DIN: 00416533) and Mr. Mihir B. Manek (DIN: 00650613), Directors of the Company, are related with each other (*inter-se*) within the meaning of the Listing Regulations.

None of the Independent/Non-Executive Directors of the Company has any material pecuniary relationships or transactions with the Company, its promoters, its Directors or its senior management which may affect their independence.

Besides the transactions reported in the Notes to the Accounts for the year, the Company has not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management, etc. that may have potential conflict with the interest of the Company at large.

e. Number of shares of the Company held by Non-Executive Directors as on March 31, 2018:

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Mrs. Pravina B. Manek (DIN: 00416533)	1,79,90,667	36.02
2.	Mr. Vijay K. Atre (DIN: 00416853)	25,000	0.05
3.	Mr. Prafulchandra A. Shah (DIN: 00417022)	--	--
4.	Mr. Chetan P. Bavishi (DIN: 01978410)	--	--
5.	Mr. Nirenbhai D. Desai (DIN: 01978382)	--	--
6.	Mr. Rahul C. Berde (DIN: 06981981)	--	--
7.	Mr. Anil Kumar Dhar (DIN: 01524239)	--	--

f. Weblink where details of familiarization programmes imparted to Independent Directors is disclosed: The Company at its various meetings held during the financial year 2017-18 has familiarized the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The Independent Directors have been provided with necessary documents, reports and internal policies to familiarise them with the Company's policies, procedures and practices.

Quarterly updates on relevant statutory changes and judicial pronouncements encompassing important amendments are briefed to the Directors. The details of such Familiarization Programmes for Independent Directors are disclosed on the website of the Company *http://www.vidhifoodcolour.com/financials.php?m=52*

g. Independent Directors' Meeting:

In accordance with the provisions of Schedule IV of the Act, a separate meeting of the Independent Directors was held during the year on August 16, 2017 without the attendance of Non-Independent Directors and Members of Management. At this meeting, the IDs *inter-alia:*

i. evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole;

ii. evaluated the performance of the Chairman of the Board taking into account the views of the Executive Director and Non-Executive Directors; and

iii. assessed the aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board which is considered necessary for the Board to effectively and reasonably perform their duties.

The meeting was attended by Mr. Prafulchandra A. Shah (DIN: 00417022), Mr. Chetan P. Bavishi (DIN: 01978410), Mr. Nirenbhai D. Desai (DIN: 01978382), Mr. Rahul C. Berde (DIN: 06981981) and Mr. Anil Kumar Dhar (DIN: 01524239). Mr. Nirenbhai D. Desai (DIN: 01978382) was the Chairman of the meeting. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and the evaluation of the members of Board.

h. Board Procedure:

Board members are informed well in advance about the schedule of the Meetings. The Company Secretary in consultation with the Chairman and the Joint Managing Director of the Company drafts the agenda for each meeting, along with agenda notes and send the same coupled with the documents related to Agenda at least seven days in advance to all the Directors for facilitating fruitful and focused discussions at the meeting. Every Board member can suggest the inclusion of additional items in the agenda. In order to enable the Board to discharge its responsibilities effectively, the Board reviews the overall Company performance on the basis of functional report placed before it by the Chairman and Managing Director.

The functions performed by the Board, *inter-alia,* include review of:

- Strategy and business plans,
- Annual operating and capital expenditure budgets,
- Quarterly results of the Company,
- Minutes of the Meeting of Audit and other Committees of the Board,
- Information on recruitment and remuneration of senior officers,
- Investment and exposure limits,
- Business risk analysis and control,
- Compliance with statutory/regulatory requirements,
- Review of major legal issues,
- Transaction pertaining to the purchase or disposal of property, major provisions and write offs.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting. Additional meetings are held whenever deemed necessary. At the Board Meetings, the Directors are being provided information as stipulated in Regulation 17(7) of the Listing Regulations in addition to other business items.

i. Board Evaluation:

The Nomination and Remuneration Committee has approved a Policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of Directors of the Company.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors and the performance evaluation of Independent Directors was done by the entire Board of Directors, excluding the Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

j. Declaration by the Chairman & Managing Director under regulation 34(3) of the Listing Regulations regarding adherence to the Code of Conduct is forming part of the Report on Corporate Governance.

k. A Certificate as stipulated under regulation 17(8) of the Listing Regulations was placed before the Board of Directors and is also forming a part of the report on Corporate Governance.

(3) Audit Committee

a. Composition, Names of the Chairperson and Members of the Committee and their attendance details:

The composition of the Audit Committee as on March 31, 2018 as well as details of meetings of Audit Committee held and attended by each Member during the financial year 2017-18 are as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mr. Nirenbhai D. Desai (DIN: 01978382)	Chairman	Non-Executive, Independent	5	4
Mr. Prafulchandra A. Shah (DIN: 00417022)	Member	Non-Executive, Independent	5	5
Mr. Chetan P. Bavishi (DIN: 01978410)	Member	Non-Executive, Independent	5	4
Mr. Mihir B. Manek (DIN: 00650613)	Member	Executive	5	5

The Members of the Audit Committee met 5 (Five) times during the financial year 2017-18 on May 30, 2017, August 16, 2017, September 11, 2017, November 24, 2017 and February 14, 2018. The highlights of each of the Audit Committee Meetings were informed to the Board of Directors and discussed in the Board Meeting. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Mr. Nirenbhai D. Desai (DIN: 01978382), Chairman of the Audit Committee, was present at the last Annual General Meeting held on Monday, September 25, 2017 to answer the queries of the shareholders.

All the Members of the Audit Committee are financially literate and have relevant accounting and financial management expertise as required under the Act and Regulation 18 of the Listing Regulations. The Company Secretary acts as the Secretary of the Audit Committee.

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting and its compliance with the legal and regulatory requirements. The Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and the Statutory Auditors and notes the processes and safeguards employed by each of them.

The terms of reference, role, powers, rights, authority and obligations of the Audit Committee are in conformity with the applicable provisions of the Act and Listing Regulations (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof).

b. Brief description of terms of reference *inter-alia* includes:

- to recommend to the Board of Directors (Board) all appointments, including the filling of a casual vacancy of an auditor under section 139 of the Act
- to approve other services which auditors can provide to the Company
- to recommend the appointment, remuneration and terms of appointment of auditors of the Company
- to review and monitor the auditor's independence and performance, and effectiveness of audit process
- examination of the financial statement and the auditors' report thereon
- approval or any subsequent modification of transactions of the Company with related parties including granting omnibus approval for related party transactions
- scrutiny of inter-corporate loans and investments

- valuation of undertakings or assets of the Company, wherever it is necessary
- evaluation of internal financial controls and risk management systems
- monitoring the end use of funds raised through public offers and related matters
- may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company
- authority to investigate into any matter in relation to aforesaid items or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company
- oversee the vigil mechanism and to ensure that the vigil mechanism shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases and in case of repeated frivolous complaints being filed by a director or an employee, the audit committee may take suitable action against the concerned director or employee including reprimand
- to formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor
- to take into consideration the qualifications and experience of the individual or the firm proposed to be considered for appointment as an auditor and whether such qualifications and experience are commensurate with the size and requirements of the Company, provided that while considering the appointment, the Audit Committee shall have regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court
- may call for such other information from the proposed auditor as it may deem fit
- to recommend the name of an individual or a firm as auditor to the Board for consideration
- may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Company. The finance director, internal auditor and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee
- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- approval of payment to statutory auditors for any other services rendered by the statutory auditors
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act
    b. changes, if any, in accounting policies and practices and reasons for the same
    c. major accounting entries involving estimates based on the exercise of judgment by management
    d. significant adjustments made in the financial statements arising out of audit findings
    e. compliance with listing and other legal requirements relating to financial statements
    f. disclosure of any related party transactions
    g. modified opinion(s) in the draft audit report
- reviewing, with the management, the quarterly financial results before submission to the Board for approval
- reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- reviewing the adequacy of internal audit function and frequency of internal audit
- discussion with internal auditors of any significant findings and follow up thereon
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- to review the functioning of the whistle blower/vigil mechanism
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate
- monitoring and reviewing the statement of deviation(s) or variation(s) as per Regulation 32 of the Listing Regulations
- carrying out any other functions as authorized by the Board of Directors from time to time or as enforced by statutory/regulatory authorities

Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management
- Management letters/letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the internal auditor
- Statement of deviations:
  a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1),
  b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

Powers of Audit Committee *inter-alia* includes:

- to investigate any activity within its terms of reference
- to seek information from any employee
- to obtain outside legal or other professional advice
- to secure attendance of outsiders with relevant expertise, if it considers necessary

(4) Nomination and Remuneration Committee

In pursuance of the Company's policy to consider human resources as its invaluable assets, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Act and the Listing Regulations, as amended from time to time, the scope and the terms of reference of the Nomination and Remuneration Committee have been expended. Its constitution, composition, quorum requirements, frequency of meetings, terms of reference, role, powers, rights, authority and obligations are in conformity with the applicable provisions of the Act and the Listing Regulations (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof).

a) Composition, Names of the Chairperson and Members of the Committee and their attendance details:

The composition of the Nomination and Remuneration Committee as on March 31, 2018 as well as details of meetings of Nomination and Remuneration Committee held and attended by each Member during the financial year 2017-18 are as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mr. Nirenbhai D. Desai (DIN: 01978382)	Chairman	Non-Executive, Independent	1	1
Mr. Prafulchandra A. Shah (DIN: 00417022)	Member	Non-Executive, Independent	1	1
Mr. Chetan P. Bavishi (DIN: 01978410)	Member	Non-Executive, Independent	1	1
Mrs. Pravina B Manek (DIN: 00416533)	Member	Non-Executive, Promoter	1	1

The Members of the Committee met once during the financial year 2017-18 on September 25, 2017.

Mr. Nirenbhai D. Desai (DIN: 01978382), the Chairman of the Nomination and Remuneration Committee, was present at the last Annual General Meeting held on Monday, September 25, 2017 to answer the queries of the shareholders.

The purpose of this Committee is to screen and to review individuals qualified to serve as Executive Directors, Non-executive Directors, Independent Directors and Key Managerial Personnel and remuneration to be paid to them in accordance with the Nomination and Remuneration Policy of the Company and recommend to the Board for its approval. The Committee makes recommendations to the Board on candidates for:

(i) nomination for election or re-election by the shareholders; and

(ii) any Board vacancies that are to be filled.

It may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Management or the Chairman of the Company. It reviews and discusses all matters pertaining to candidates and evaluates the candidates as Director or Key Managerial Personnel. The Nomination and Remuneration Committee co-ordinates and oversees the annual evaluation of the Board and of individual Directors.

b) Brief description of terms of reference *inter-alia* includes:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors (Board) their appointment and removal and to carry out evaluation of every director's performance
- to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- while formulating the policy as aforesaid, to ensure that:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals; provided that such policy shall be disclosed in the Board's Report.
- to approve the payment of remuneration as prescribed under Schedule V of the Act
- to determine, review and recommend to the Board, the remuneration of the Company's Managing/Joint Managing/ Deputy Managing/Whole time/Executive Director(s), including all elements of remuneration package
- to determine, review and recommend to the Board, the remuneration of the Company's top executives who are one level below the Managing/Joint Managing/Executive Director(s)
- to formulate, implement, supervise and administer the terms and conditions of the Employee Stock Option Scheme, Employee Stock Purchase Scheme, whether present or prospective, pursuant to the applicable statutory/regulatory guidelines
- formulation of criteria for evaluation of independent directors and the Board of Directors

- devising a policy on diversity of the Board of Directors
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
- whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent director
- aligning key executive and board remuneration with the longer term interests of the Company and its shareholders
- ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender
- to carry out any other functions as authorized by the Board from time to time or as enforced by statutory/regulatory authorities

c) Performance evaluation criteria for Independent Directors:

The Nomination and Remuneration Policy of the Company showcase the appointment criteria and remuneration payable to the Directors of the Company. The remuneration paid to the Directors is broadly based on the criteria such as his/her qualification, experience, profile and his performance. Detailed procedure of performance evaluation is provided under point no. 7 of Board' Report.

The criterion for evaluation of performance of Independent Directors *inter-alia* includes:

- highest Personal and Professional ethics, integrity and values,
- inquisitive and objective perspective, practical wisdom and mature judgment,
- demonstrated intelligence, maturity, wisdom and independent judgment,
- Self-confidence to contribute to Board deliberations and stature such that other board members will respect his or her view,
- the willingness and commitment to devote the extensive time necessary to fulfill his/her duties,
- the ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including willingness to listen and respect the views of others,
- the skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable Company or organization, including but not limited to relevant experience in manufacturing, international operations, public service, finance, accounting, strategic planning, supply chain, technology and marketing,
- commitment, including guidance provided to the Senior Management outside of Board/Committee Meetings,
- effective deployment of knowledge and expertise,
- independence of behavior and judgment,
- maintenance of confidentiality of critical issues.

(5) Remuneration of Directors

a) Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company:

During the year under review, the Company has paid ₹ 3,00,000/- to Mr. Vijay K. Atre (DIN: 00416853) as Technical Director's remuneration. The Company has also paid ₹ 3,33,500/- to Mr. Anil Kumar Dhar (DIN: 01524239) as fees for professional services provided by him. However, the professional fees paid to him cannot be said to be material. Further, the other Independent Directors are given sitting fees for attending meeting of the Board, as approved by the Board. Also, Mrs. Pravina B. Manek (DIN: 00416533) was paid Guarantee Commission for guarantee given by her for securing loan taken by the Company from Banks. The above payments made to Non-Executive Directors were approved by the Members. Apart from mentioned above, none of the other Non-Executives Directors have received any remuneration.

Mrs. Pravina B. Manek (DIN: 00416533) is one of the Promoters of the Company and Mr. Bipin M. Manek (DIN: 00416441), Chairman and Managing Director and Mr. Mihir B. Manek (DIN: 00650613), Joint Managing Director of the Company, are her relatives. No other Non-Executive Directors are *inter-se* related to each other.

b) Criteria for making payments to Non-Executive Directors:

Criteria for making payments to Non-Executive Directors are given in the Nomination and Remuneration Policy and same is placed on the website of the Company at the link http://www.vidhifoodcolour.com/financial/code_policies/nomination_remuneration.pdf.

c) Disclosures with respect to remuneration:

(i) Details of remuneration paid to the Executive Directors for the financial year 2017-18 are given below:

Name of Directors	Amount in ₹			Contract period	Notice period
	Salary	Commission	Total		
Mr. Bipin M. Manek (DIN: 00416441) Chairman and Managing Director	30,00,000	90,17,329	1,20,17,329	From 01.11.2017 till 31.10.2022	Three Calendar months
Mr. Mihir B. Manek (DIN: 00650613) Joint Managing Director	30,00,000	90,17,330	1,20,17,330	From 15.07.2015 till 14.07.2020	Three Calendar months
Total	**60,00,000**	**1,80,34,659**	**2,40,34,659**		

Notes:

- The above figures exclude provisions for contribution to Provident Funds/Gratuity Fund.
- Appointment, terms, conditions and payment of remuneration to the Managing Director and Joint Managing Director is governed by the resolution(s) passed by the Nomination & Remuneration Committee, Board of Directors and Members of the Company.
- Mr. Bipin M. Manek (DIN: 00416441) is holding 1,41,10,333 equity shares of the Company constituting 28.25% of total voting power and Mr. Mihir B. Manek (DIN: 00650613) does not hold any share as on the date of this Report.
- The Company does not have any employees' stock option scheme.
- The period of office of Mr. Bipin M. Manek (DIN: 00416441), Chairman and Managing Director, shall not be liable to retirement by rotation whereas, the period of office of Mr. Mihir B. Manek (DIN: 00650613), Joint Managing Director, shall be liable to retirement by rotation.

(ii) The details of Remuneration paid to the Non-Executive Directors for the financial year 2017-18 are given below:

Name of Directors	Amount in ₹			
	Sitting fees	Commission	Others	Total
Mr. Vijay K. Atre# (DIN: 00416853)	0	0	3,00,000	**3,00,000**
Mr. Prafulchandra A. Shah (DIN: 00417022)	27,500	0	0	**27,500**
Mr. Chetan P. Bavishi (DIN: 01978410)	27,500	0	0	**27,500**
Mr. Nirenbhai D. Desai (DIN: 01978382)	37,500	0	0	**37,500**
Mr. Rahul C. Berde (DIN: 06981981)	35,000	0	0	**35,000**
Mrs. Pravina B. Manek (DIN: 00416533)	0	0	0	**0**
Mr. Anil Kumar Dhar@ (DIN: 01524239)	0	0	3,33,500	**3,33,500**
Total	**1,27,500**	**0**	**6,33,500**	**7,61,000**

#Mr. Vijay K. Atre (DIN: 00416853) has received ₹ 3,00,000/- as Technical Director's remuneration.
@Mr. Anil Kumar Dhar (DIN: 01524239) has received ₹ 3,33,500/- as fees for professional services provided by him.
Independent Directors are not liable to retire by rotation under the Act. The Company does not have any employees' stock option scheme.

(6) Stakeholders' Relationship Committee

The Company has always valued its Investors' and Stakeholders' relationships. In order to ensure the proper and speedy redressal of Stakeholders' grievances, the Stakeholders' Relationship Committee is constituted. Its constitution, composition, quorum requirements, frequency of meetings, terms of reference, role, powers, rights, authority and obligations are in conformity with the applicable provisions of the Companies Act, 2013 and the Listing Regulations (including any statutory modification(s) or re-enactment or amendments thereof).

a) Composition, Names of the Chairperson and Members of the Committee and their attendance details:

The composition of the Stakeholders' Relationship Committee as on March 31, 2018 as well as details of meetings of Stakeholders' Relationship Committee attended by each Member during the year 2017-18 are as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mrs. Pravina B. Manek (DIN: 00416533)	Chairperson	Non-Executive, Promoter	4	4
Mr. Prafulchandra A. Shah (DIN: 00417022)	Member	Non-Executive, Independent	4	4
Mr. Chetan P. Bavishi (DIN: 01978410)	Member	Non-Executive, Independent	4	3

The role of the Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends, non receipt of Annual Reports and such other grievances as may be raised by the security holders from time to time.

b) Name and designation of Compliance Officer:

Ms. Kalika Dabholkar, Company Secretary, is the Compliance Officer of the Company in terms of Regulation 6(1) of the Listing Regulations *(e-mail ID: vdmlcs@hotmail.com).* She has been entrusted the task of overseeing the Share transfer, transmission, splitting and consolidation of shares and issue of duplicate share certificates done by the R & TA and attending to Grievances of the Shareholders/Investors intimated to the Company directly by the SEBI.

c) Details of the Shareholders' Complaints:

No. of pending complaints as on April 1, 2018	0
Number of shareholders' complaints received during the financial year 2017-18	21
Number of complaints not resolved to the satisfaction of shareholders as on March 31, 2018	19
No. of pending complaints as on March 31, 2018	2

The complaints have been resolved in consonance with the applicable provisions of the relevant rules/regulations and acts for the time being in force.

All Share transfers and correspondence thereon are handled by the Company's R & TA viz. M/s. Sharex Dynamic (India) Private Limited having Registered Office at Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072.

d) Brief description of terms of reference:

The terms of reference of Committee *inter-alia* includes:

- to consider and resolve the grievances of security holders of the Company
- to specifically look into the redressal of grievances of shareholders, debenture holders and other security holders
- to consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc.
- to supervise the process relating to transfer, transmission, transposition, split, consolidation of securities
- to issue the duplicate share certificate(s) and supervise the process
- to supervise the process relating to consider re-materialization/de-materialization requests
- to oversee the performance of the Company's R & TA
- to implement and monitor the Company's Code of Conduct for Prohibition of Insider Trading in conformity with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
- to make recommendations to improve service levels for stakeholders
- to carry out any other functions as authorized by the Board of Directors from time to time or as enforced by statutory/ regulatory authorities

e) Meetings held during the year:

During the financial year under review, the Committee met 4 (Four) times, i.e. on May 30, 2017, August 16, 2017, November 24, 2017 and February 14, 2018.

(7) General Body Meetings

a) Annual General Meetings:

Details of the date, location and time, where last three Annual General Meetings (AGMs) held and the special resolutions passed thereat are as follows:

Year, date and time	Location	Special Resolution(s) passed
FY 2016-17 24th AGM held on Monday, September 25, 2017 at 3.30 p.m.	The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400 034	Nil
FY 2015-16 23rd AGM held on Saturday, September 24, 2016 at 3.30 p.m.	The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400 034	Payment of professional fees to Mr. Anil Kumar Dhar (DIN: 01524239), Non-Executive, Independent Director
FY 2014-15 22nd AGM held on Wednesday, September 16, 2015 at 3.30 p.m.	The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400 034	Nil

b) Special Resolutions passed through Postal Ballot:

During the financial year 2017-18, no special resolution was passed through Postal Ballot.

c) Person who conducted the aforesaid postal ballot exercise: Not Applicable

d) Whether any special resolution is proposed to be conducted through postal ballot: No

e) Procedure for postal ballot:

The Company will comply with the requirements relating to the postal ballot process as and when such matter arises requiring approval of the Members by such process as provided u/s 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014 and in terms of Regulation 44 Listing Regulations 2015.

(8) Means of Communication

a) Quarterly results:

Quarterly/Half yearly/Annual results are regularly submitted to the Stock Exchanges, where the securities of the Company are listed, immediately after the approval of the Board pursuant to the Listing Regulations requirements and are published in the newspapers.

The financial results are also displayed on the Company's website i.e. *www.vidhifoodcolour.com*

b) Newspapers wherein results normally published:

The quarterly, half-yearly and annual results of the Company during the financial year 2017-18 are published in the newspapers viz. Business Standard (English) and Dainik Mumbai Lakshadeep or Janshakti or Aple Mahanagar (Marathi, the regional language).

c) Any Website, where displayed :

www.vidhifoodcolour.com

d) Whether Website also displays official news releases:

The Company has maintained a functional website *www.vidhifoodcolour.com* containing basic information about the Company e.g. details of its business, Directors and also other details as per the requirements of the Listing Regulations and the Act like financial information, shareholding pattern, codes, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc.

e) Presentations made to institutional investors or to the analysts:

No presentations were made to any institutional investors or analysts during the financial year 2017-18.

(9) General Shareholder Information

a) Annual General Meeting (AGM):

Day, Date and Time : Friday, September 28, 2018; 03.30 p.m.

Venue : The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400 034

b) Financial year: April 1, 2017 to March 31, 2018

c) Dividend Payment Date:

The Dividend, if declared at the AGM, would be paid/dispatched on/after Saturday, September 29, 2018 and within thirty days from the date of declaration of dividend. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 22, 2018 to Friday, September 28, 2018, both days inclusive, for taking record of the Members of the Company for the purpose of AGM and determining the names of the Members eligible for final dividend on equity shares, if declared at the AGM.

d) Name and address of stock exchanges at which the Company's securities are listed and confirmation about payment of annual listing fees to each of stock exchanges:

The Company's equity shares are listed on the **BSE Ltd**. **(BSE)** - Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and **National Stock Exchange of India Limited (NSE)** - Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. The Company has paid the applicable annual listing fees to BSE and NSE.

e) Stock code:

BSE Scrip Code	531717
NSE Trading Symbol	VIDHIING
ISIN Number for NSDL & CDSL	INE632C01026

f) Market Price Data: High, Low during each month in last financial year*

The performance of the equity shares of the Company on BSE and NSE depicting the liquidity of the Company's equity shares for the financial year ended on March 31, 2018, on the said exchanges, is as follows:

Stock Market data - BSE

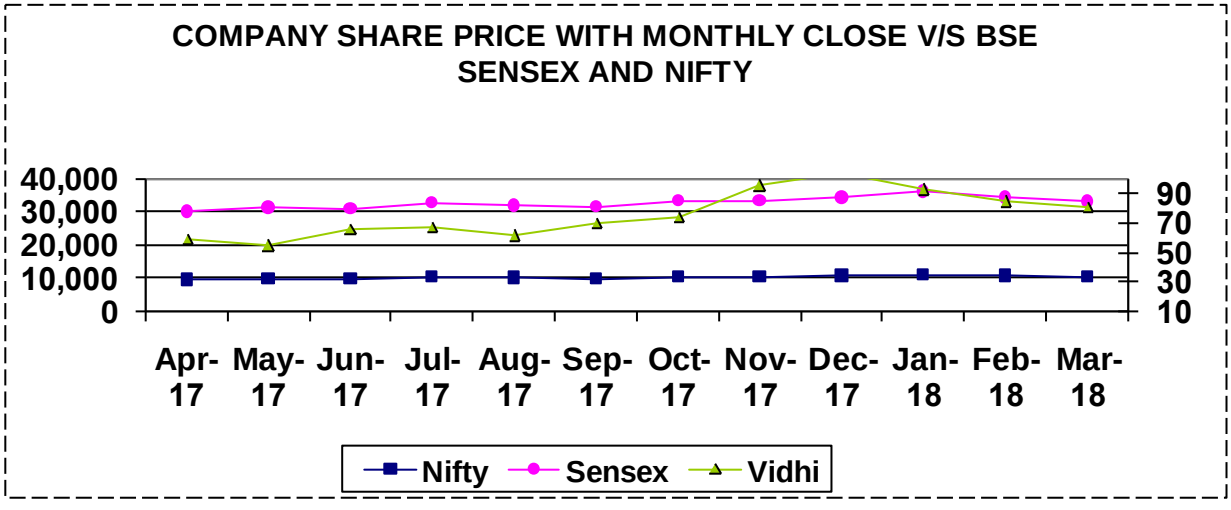
Month	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares	Total Turnover (₹)
April, 2017	58.00	66.60	56.65	58.95	851470	5,27,07,709
May, 2017	59.20	61.40	53.00	54.20	381539	2,18,05,388
June, 2017	54.50	66.90	54.00	65.60	684725	4,14,36,297
July, 2017	65.65	71.95	62.10	66.85	1741750	11,70,68,651
August, 2017	68.00	68.40	53.30	61.20	441566	2,65,03,880
September, 2017	61.90	74.90	61.00	70.25	1802244	12,50,79,392
October, 2017	70.25	78.25	69.55	74.05	1191293	8,77,61,727
November, 2017	75.40	103.80	74.50	94.80	4211958	39,26,42,419
December, 2017	95.10	115.90	90.05	103.95	3324002	35,32,35,264
January, 2018	104.60	111.90	88.80	92.40	904342	9,21,13,580
February, 2018	93.35	99.00	76.00	84.15	807858	7,01,29,737
March, 2018	85.40	91.25	77.60	81.15	573569	4,74,64,635

Stock Market data - NSE

Month	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares	Total Turnover (₹)
April, 2017	57.75	66.50	56.50	59.00	1901275	11,79,09,009.75
May, 2017	60.00	61.30	53.45	54.35	919256	5,25,84,868.40
June, 2017	53.75	66.65	53.75	65.50	1732961	10,45,02,330.80
July, 2017	65.95	71.70	62.15	67.10	4217660	28,27,97,099.40
August, 2017	67.00	67.10	53.10	61.35	1324550	7,95,32,967.85
September, 2017	61.65	75.20	60.30	70.10	5420730	37,45,33,988.10
October, 2017	70.95	78.30	69.30	74.00	3255625	24,09,27,829.95
November, 2017	75.00	103.85	74.60	95.00	11290047	1,04,85,74,285.60
December, 2017	96.45	115.90	88.30	104.10	10659879	1,13,30,51,322.10
January, 2018	104.50	111.50	88.70	92.25	3460811	35,23,59,747.90
February, 2018	93.00	98.80	76.05	84.25	2228268	19,58,31,099.05
March, 2018	84.60	91.65	77.00	80.75	1789095	14,78,45,159.45

*****(Source: This information is compiled from the data available on the website of BSE and NSE)*

g) Performance in comparison to broad-based indices:



h) In case the securities are suspended from trading, reason thereof:

Not applicable, since the securities of the Company have not been suspended from trading.

i) Registrar and Share Transfer Agents (R & TA):

Sharex Dynamic (India) Private Limited,

Unit-1, Luthra Industrial Premises, 1st Floor, 44-E,
M Vasanti Marg, Andheri-Kurla Road,
Safed Pool, Andheri (East), Mumbai - 400 072
Phone: 022-2854 5606/2851 5644 Fax: 022-2854 2885

j) Share Transfer System:

The Board of Directors of the Company, in order to expedite the process, has delegated the power of approving transfer, transmission, etc. of the securities of the Company to the R & TA. Securities lodged for transfer, transmission, etc. are normally processed within the stipulated time as specified under the Listing Regulations and applicable provisions of the Act. The Company has obtained certificates on half yearly basis from the Practicing Company Secretary, certifying due compliance with the formalities of share transfer as required under regulation 40 of the Listing Regulations and submitted a copy of the certificate to the Stock Exchanges where the securities of the Company are listed.

k) Distribution of shareholding as on March 31, 2018:

No. of Equity Shares held	No. of Members	% of Members	Total Shares	% of shares
1-5000	12143	96.67	6169376	12.35
5001- 10000	192	1.53	1481150	2.97
10001- 20000	92	0.73	1331623	2.67
20001- 30000	52	0.41	1310734	2.62
30001- 40000	16	0.13	561858	1.12
40001- 50000	15	0.12	687755	1.38
50001- 100000	28	0.22	1996906	4.00
100001 & Above	23	0.18	36405598	72.89
Total	**12561**	**100.00**	**49945000**	**100.00**

l) Shareholding pattern of the Company (as on March 31, 2018):

Category Code	Category of the Shareholder	Number of Shareholders	Total Number of Shares	Total Share-holding as a percentage of total number of shares
[A]	**Shareholding of Promoter & Promoter Group**			
(1)	Indian (Individuals)	2	32101000	64.27
	Total Shareholding of Promoter and Promoter Group	**2**	**32101000**	**64.27**
[B]	**Public Shareholding**			
(1)	Institutions	4	422364	0.85
(2)	Non-Institutions	12555	17421636	34.88
	Total Public Shareholding	**12561**	**17844000**	**35.73**
[C]	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	0.00
	GRAND TOTAL [A]+[B]+[C]	**10289**	**49945000**	**100.00**

As on March 31, 2018 and as on the date of this report, none of the Promoter or Member of the Promoter's Group of the Company have pledged any shares of the Company.

m) Dematerialization of shares and liquidity:

The shares of the Company are available for dematerialisation (holding of shares in electronic form) on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2018, 98.90% of the total Subscribed and Fully Paid-up equity share capital comprising of 4,93,95,890 equity shares of the Company are in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form as per the notification issued by the Securities and Exchange Board of India.

n) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on Equity:

Not Applicable as there were no outstanding ADRs or GDRs, Warrants or any Convertible instruments.

o) Commodity price risk or foreign exchange risk and hedging activities:

Not applicable.

p) Location of Plant:

Factory I:

Plot No. 59/B, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra - 402 116

Factory II:

Plot No. 68, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra - 402 116

q) Address for correspondence:

(i) Registered Office:

Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034
Tel.: 022-6140 6666 Fax: 022-2352 1980

(ii) For queries on Annual Report or investors' assistance:
Ms. Kalika Dabholkar, Company Secretary
Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
E/27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034

Investors can register their complaints/grievances at the Company's e-mail id:

vdmlcs@hotmail.com

(iii) For share transfer/dematerialisation of shares/other queries relating to the securities (Registrar & Share Transfer Agents)

Sharex Dynamic (India) Private Limited
Unit -1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072
Tel: 022-2851 5606/5644 Fax : 022-2851 2885

The aforesaid e-mail id and other relevant details have been displayed on the website of the Company at *http://www.vidhifoodcolour.com/*

(10) Other Disclosures

a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

During the financial year under review, there were no materially significant related party transactions with the Promoters, Directors, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are entered into by the Company are based on business exigencies and are intended to further the Company's interests.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties, strictures have been imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any other statutory authority.

c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company has a Vigil Mechanism cum Whistle Blower Policy in place, details of which have been furnished in the Board's Report. The Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non- mandatory requirements:

The Company has complied with all the mandatory requirements of the Schedule V of the Listing Regulations. The status of compliance with the non-mandatory requirements of this clause has been detailed in point no. 12 below.

e) Web link where policy for determining 'material' subsidiaries is disclosed:

Not Applicable since the Company does not have any Subsidiary Company.

f) Web link where policy on dealing with related party transactions:

http://www.vidhifoodcolour.com/financial/code_policies/policy_on_related_party_transactions.pdf

g) Disclosure of commodity price risks and commodity hedging activities:

Not applicable

h) Risk Management:

The Company has adopted Risk Management Policy pursuant to the provisions of Section 134 and all other applicable provisions of the Act and Listing Regulations. The Company has procedures in place to inform the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that the management controls risk through means of a properly defined framework. The Company's internal control systems are commensurate with the nature and size of its business. These are tested and reported by the Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

i) Reconciliation of Share Capital Audit:

A qualified practicing Company Secretary carried out a Share Capital Audit to reconcile the total admitted equity share capital with National Securities Depository Limited [NSDL], Central Depository Services (India) Limited [CDSL] and equity shares held in physical form and the total issued and listed equity share capital. The Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The equity shares of the Company are listed on BSE and NSE.

(11) Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed:

The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Clause (C) of the Schedule V of the Listing Regulations.

(12) Adoption of the discretionary requirements as specified in Part E of the Schedule II of the Listing Regulations

(A) The Board

The Company has an Executive Chairman and hence, the requirement pertaining to reimbursement of expenses to a Non - Executive Chairman does not arise.

(B) Shareholder Rights

The Company's quarterly/half-yearly/annual results are furnished to the Stock Exchanges, also published in the newspapers and also displayed on the website of the Company and therefore results were not separately sent to the Members. Quarterly/half-yearly/annual results of the Company are displayed on the website of the Company at the link *http://www.vidhifoodcolour.com/financials.php?m=52*

(C) Modified opinion(s) in audit report

The Company has received a modified opinion in the Auditors' Report for the financial year 2017-18 which read as under:

The Provision for gratuity as required as per Ind AS 19 – "Employee Benefits" has not been made in current year. The impact of same cannot be ascertained in absence of audit evidence (Actuarial Report) which constitutes a departure from the Ind AS 19 – "Employee Benefits". Consequently, the employee cost and short term & long term provisions are understated, profit for the year and other equity are overstated.

The Management's reply to the above audit observation is as follows:

The Management of the Company is in the process of obtaining actuarial valuation report to adopt Ind AS 19. The Management is of the opinion that, the provisions related to employee benefits made in the financial statement are adequate. Thus, the impact of understatement of employee cost and short term & long term provisions and the

consequential overstatement of profit for the year and other equity would be minimal.

(D) Separate posts of Chairman and CEO

The Managing Director is the Chairman of the Company. However, in the Company no person is designated as CEO.

(E) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

(13) Disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46:

The Company has complied with the corporate governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The details of the compliance of Regulation 17 to 27 of the Listing Regulations are given in this Corporate Governance Report. Further, the Company has uploaded the documents/details mentioned in the clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations on it's website at *www.vidhifoodcolour.com*

By Order of the Board of Directors
For **Vidhi Specialty Food Ingredients Limited**
(Formerly known as 'Vidhi Dyestuffs Manufacturing Limited'),

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT UNDER SCHEDULE V (F) OF THE LISTING REGULATIONS:

As confirmed by the R & TA, M/s. Sharex Dynamic (India) Private Limited, the Company does not have any Demat Suspense Account/Unclaimed Suspense Account.

DECLARATION BY THE MANAGING DIRECTOR UNDER SCHEDULE V (D) OF THE LISTING REGULATIONS REGARDING ADHERENCE TO THE CODE OF CONDUCT:

To the best of my knowledge and belief, this is to affirm and declare, on behalf of the Board of Directors of the Company and Senior Management Personnel, that:

- the Board of Directors has laid down a Code of Conduct, Ethics and Business Principles for all Board members and Senior Management of the Company ('the Code of Conduct');
- the Code of conduct has been posted on the website of the Company;

All the Board Members and Senior Management personnel have affirmed their compliance and adherence with the provisions of the Code of Conduct for the financial year ended March 31, 2018.

Sd/-

Date: August 10, 2018
Place: Mumbai

Bipin M. Manek
Chairman & Managing Director
(DIN: 00416441)

Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

CERTIFICATE BY THE CHAIRMAN AND MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO)

To,
The Board of Directors

In terms of the Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we, to the best of our knowledge and belief, certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year 2017-2018 and that to the best of our knowledge and belief :
   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2017-2018 which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have not come across any reportable deficiencies in the design or operation of such internal controls.

D. We have indicated to the Auditors and the Audit Committee:
   1. that there are no significant changes in internal control over financial reporting during the financial year 2017-2018;
   2. that the Company adopted Ind AS from April 1, 2017 and accordingly the transition was carried out, from the Accounting Principles generally accepted in India as specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP). Apart from this transition, there are no significant changes in accounting policies during the financial year 2017-2018; and
   3. that there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sd/-	*Sd/-*
	Bipin M. Manek	**Mitesh D. Manek**
Date: August 10, 2018	Chairman &Managing Director	Chief Financial Officer
Place: Mumbai	(DIN: 00416441)	

COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of VIDHI SPECIALTY FOOD INGREDIENTS LIMITED (FORMERLY KNOWN AS 'VIDHI DYESTUFFS MANUFACTURING LIMITED')

We have examined the compliance of conditions of Corporate Governance, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ('Listing Regulations') by **VIDHI SPECIALTY FOOD INGREDIENTS LIMITED (FORMERLY KNOWN AS 'VIDHI DYESTUFFS MANUFACTURING LIMITED**') ('the Company') for the financial year ended March 31, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated under the above mentioned Listing Regulations, as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations, as applicable.

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

For **Hemanshu Kapadia & Associates**
Practising Company Secretaries

Sd/-
Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: 3477

Date: August 10, 2018
Place: Mumbai

MANAGEMENT DISCUSSION & ANALYSIS

This discussion provides an assessment by Management of the current financial position, results of operations for the financial year ended March 31, 2018. Information presented in this discussion supplements the financial statements, schedules and exhibits for the financial year ended March 31, 2018.

Global Economic Overview:

The global economy which faced many challenges in the first half of 2017 recovered its pace of growth in the second half of 2017. The global growth is expected to be at 3.6% in 2017, up from 3.2% in 2016. The global Purchasing Power Parity (PPP) is expected to rise by around 4%, which is the fastest rate since 2011. This will further help to add $5 trillion of global output in the current value terms. The growth is expected to be driven by US, Emerging Asia and Eurozone. The global economy is expected to grow at 3.7% in 2018 with European Central Bank and Bank of Japan likely to move towards quantitative tightening. Also, the growth rate is in line with the global growth momentum, and is influenced by positive impact of recently approved US tax policy changes. Further, the growth is expected to be affected by growth in emerging markets such as Russia, China and India.

A recuperation in investment spending in the advanced economies along with stabilisation in investment in commodity exporting emerging markets and developing economies are the key drivers of growth. Moving ahead, the world economy is expected to grow at 4% during 2018. The advanced economies will grow due to tax reductions and rise in public spending. A robust growth in the euro area will be witnessed with an increase in demand due to rise in the confidence of consumer and business, accommodative monetary and fiscal policy, and rebound in labour markets.

The global chemical industry is expected to grow at a Compound Annual Growth Rate (CAGR) of 3.9% between 2010 and 2030. However, Asia will grow at a faster pace than Europe and America achieving 64% of the global capacity by 2030. This is due to the effect of lower spending in matured markets together with higher regulatory costs. Though China will grow at a slower pace, India has a huge potential for growth in the near future. Speciality Chemicals will continue to be a high growth, high focus area. The world economy faced considerable uncertainty, leading to slight deceleration of growth. As per current indications, macro-economic policy is expected to be more expansionary in certain large economies. Growth in a number of emerging economies is expected to be higher in 2018.

Domestic Economic Overview:

India is one of the fastest growing economies of the world with a GDP of $2.6 trillion. During the year, Indian economy experienced a cyclical movement in its growth rate where the growth fell down to 5.7% in the first quarter only to bounce back at 6.3% in the second quarter. The fourth quarter of FY18 recorded a growth rate of 7.1% for the Indian economy. The GDP growth rate fell from 7.1% in 2016 to 6.7% in 2017 for the full year.

In FY18-19, the economy will recover owing to rise in the stock market index, the indicator of industrial production and exports. It would have to face new challenges of managing the increasing inflationary pressures and higher fiscal deficit coupled with increasing debt burden without compromising with the growth rate. The conundrum could be managed effectively with the revival of consumer demand and private investment. With this, the Indian economy is expected to reach at a GDP level of $5 trillion in the coming decade.

India’s macro-economic stability continues to be the foundation of economic success. The implementation of GST and the progress seems promising and is expected to give fillip to GDP in the current year apart from delivering manifold benefits such as spur in growth, increasing competitiveness and ushering in indirect tax simplification and bringing in greater transparency in tax management and administration. These along with measures initiated for fiscal consolidation, make in India and digitisation in economic transactions are positive signs and point to an optimistic outlook for the current year.

Industry Structure & Development:

It is however very likely that China with its large capacity and numerous direct and indirect export subsidies supported by currency management, will continue to be the major supplier of chemicals to the world. The rising wage costs may to some extent diminish the unfair price advantage that they could offer, and this would hopefully reduce the possibility of unrealistic low price regime. In view of the corrective action in the Chinese market and with no major expansion plans announced by Chinese competitors, opportunities for expansion in Chemicals exist.

Environmental compliance pressure on Chinese industry impacted its manufacturing capability of chemicals. During the tight international supply situation, Vidhi Specialty Food Ingredients Limited (Formerly known as 'Vidhi Dyestuffs Manufacturing Limited') ['the Company/Vidhi'] continued to support its national and international customer base at reasonable and acceptable price levels. This has generated a good will for the Company which will go a long way for planned business growth. More than seventy percent of the global chemicals manufacturing capacity is concentrated in China. Clamp down on environmentally non-compliant manufacturers by Chinese Central Government resulted in closures/lower capacity utilisation. Revival of smaller players in chemicals manufacturing seems to be difficult.

Overview of Vidhi's Business and its Position in Food Colour Manufacturing Industry:

The relevant industry for your Company is food colours, which occupies an important position in the Indian economy.

Vidhi is a globally renowned player in the food colour industry and a leading manufacturer of Superior Synthetic and Natural Food Grade Colours including Synthetic Water Soluble Colours, Aluminum Lakes, FD&C Colours, FD&C lakes, D&C Colours, Blends, Co-blended Lakes & Co-blended Granules and Natural Colours. It's business is manufacturing of food colours as an ingredient for foodstuffs, pharmaceuticals, confectionery, pet foods, healthcare, dairy, soft drinks, cosmetic industries, etc.and trading in food colours and chemicals. The colours are being distributed and consumed in over 80 countries across 6 continents. The manufacturing facilities of the Company are spread over an area of 1,76,000 square feet, located in Dhatav Village of Raigad District in the State of Maharashtra - India. The manufacturing facilities have been audited and found satisfactory by the US FDA. All the Company's products carry Halal and Kosher certification. The Company is the third largest manufacturer of synthetic food grade dyes globally with a capacity of above 2500 MTPA. Over the last 24 years, it has established strong relationships with global majors like Nestle, Mars, Pedigree and Sanofi among others.

Vidhi has built up on technical services, marketing capabilities and production in bulk quantities to face competition from domestic as well as global markets. In this way, Vidhi enjoys a position of one of the leaders in food colour manufacturing Industry.

The Company has unique in-house capabilities for the development and production of synthetic food grade colours backed by several decades of experience in the field. With manufacturing plants at Dhatav Village of Raigad District in the State of Maharashtra – India, the Company efficiently caters to customers across the country and across the world. The manufacturing capacity is elastic and is capable of meeting the expected sales growth for the next few years. The plants are modern, compliant with health, safety and environment norms, and the team is well trained to use the best manufacturing practices.

Outlook:

The global food colour market is primarily driven by the increasing demand from beverage industry and bakery and confectionary. For commercial adoption, synthetic food colours are in high demand because of the high stability under light, cheap in cost and less microbial contamination. However, natural food colours are expensive in comparison to synthetic ones. The food colour Industry is increasingly shifting to Asia in consonance with the shift of its key consumer industries. With Asia's increasing contribution to the global food colour Industry, India emerges as one of the focus destinations for food colour manufacturing Companies worldwide.

The Global food colour market is estimated at USD 1.6 billion, growing at a CAGR of 5.9% over the forecast period of which colours for food and beverages account for 70% (USD 1.1 billion) of this market. The market is further divided into synthetic and natural dyes & pigments, where the synthetic dyes comprise of USD 0.4-0.6 billion while the rest is contributed by natural dyes. The Company operates primarily in the synthetic colour segment and is among the few USFDA approved manufacturers of food grade colours in India. Over the last five years, the Company has witnessed topline CAGR of 12%, despite the overall market growth of 4-5%. It is expected that the Company will achieve its target of expanding its capacity to 20% of the global capacity going forward.

The Company is working on a capex plans that include enhancement of existing product line, diversification into new products along with backward integration for manufacturing two major raw materials. According to Vision for 2020, the Company wants to be a ₹ 500 crores plus manufacturing turnover Company with substantially better EBIDTA margins by reducing low margin trading business and its foray into niche segments like lakes, drugs and cosmetic segments which are high margin products.

Opportunities and Threats:

The Company has a well set up infrastructure in respect to manufacturing capacities, human resources, technical expertise, etc. which are a key factor for future growth of its business. The Company can bank on its in-house R&D for development of new products, backward integrations, quality improvements and cost reductions. Another important aspect which helps the Company in having its diverse portfolio of products is the fact that the Company's the manufacturing capacities are fungible. The dedicated teams for Quality Management and Quality Assurance helps in maintaining the standards required for various products. The entire project or process is designed to ensure delivery of Best Quality Products.

The Rupee traded in the range of ₹ 63.50-66.50 per USD. The Company continued to mitigate the risk of this volatility by effecting payments towards our imports out of our Export Earnings in Foreign Currency and by taking adequate cover through forward/ option contracts.

Opportunities:

a. A large domestic market fueled by rising incomes in urban and rural areas,

b. Formalisation of the economy and the unified GST levels the playing field, thus enabling your Company to access newer markets and segments,

c. Increased economic activity bodes well for transportation, leading to increased movements of commodities, and

d. Access to international selling and sourcing markets is a key success factor and vital for the food colours manufacturing Industry.

Threats:

a. Commoditization is a constant threat. Substantial resources and money is spent on developing products, which if superior can be sold at a high price, nevertheless, with time competitors are able to produce these or similar products,

b. Most of the chemical companies in India are smaller in scale as compared to their global counterparts. As the global companies enter and strengthen their presence in the Indian market, they will also invest in marketing, distribution and production systems that local companies may struggle to match,

c. Cost of compliance makes operations uneconomical and unviable for small players, and

d. Chemical companies are affected by environmental regulations. However, awareness about the regulations and their positive effects on the Company will add to value creation and growth.

Risks and Concerns:

Exchange-rate fluctuations, increase in prices of Crude Oil and down-stream petrochemicals, political unrest in the country, trade war between US and China, etc. are all concern areas which your Company may face from time to time.

The growth of our industry is driven by R&D activities and a need for constant innovation in the product spectrum. On the other hand, strong R&D set-up ensures quality management and cost reductions. Since your Company has its own R&D Centre, the above concerns are well addressed. The Company is exposed to health, safety, security and environmental risks, given the diversity and complexity of the industry in which the Company operates. Macro-economic conditions like the policy decisions of the Government, currency fluctuations and volatility in commodity prices like crude oil can affect the business of the Company.

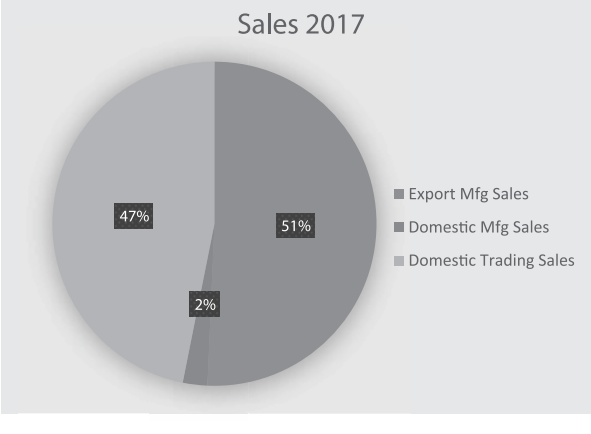
- Infrastructural challenges;
- Bilateral/multilateral trade agreements of the Country;
- High cost of power as well as finance;
- Availability of skilled man power; and
- High fragmentation of the chemical industry.

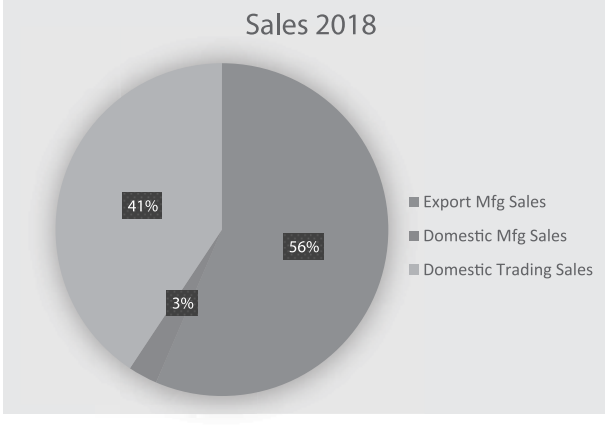
The Company fulfils its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at both the manufacturing plants. The Company continued its focus on compliance in all areas of its business operations by rationalizing and strengthening the controls. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. Company aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behavior.

Segment–wise or product-wise performance:

In accordance with Ind AS 108, the Company has a single reportable business segment, manufacturing and trading of food colours and trading in chemicals. Thus, the segment wise or product wise performance report is not given in the report. The Company has manufactured 3,037.89 MT food colours during the financial year 2017-18 against 2,514.05 MT in the previous year.

Net Sales by Geography:





Discussion on financial performance with respect to operational performance:

i. Financial Performance:

Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. have been replaced by GST. In accordance with Ind AS 18 on Revenue and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, VAT etc. are excluded and Excise Duty is not excluded from Gross Revenue from sale of products and services for applicable periods. In view of the aforesaid restructuring of Indirect Taxes, Gross Revenue from sale of products and services and Excise Duty for the year ended March 31, 2018 are not comparable with the previous periods. Comparable revenue growth and comparable EBITDA margin improvement for 2017-18 has been arrived at by adjusting the excise duty from reported sales for first quarter of 2017- 18 and financial year 2016-17.

During the year under review, your Company has achieved Revenue from operations of ₹ 21,700.24 lakhs. The comparative figures are tabulated below. The Company has achieved outstanding net profit of ₹ 1,571.20 lakhs for the financial year 2017-18. EBIDTA stood at ₹ 3,190.05 lakhs for the financial year 2017-18. An operational EBIDTA has been slightly increased from 14.34% for financial year ended March 31, 2017 to 14.67% for the financial year ended March 31, 2018.

Finance Cost has been increased from ₹ 494.07 lakhs for the financial year 2017-18 compared to ₹ 392.08 lakhs for the previous year. Depreciation and Amortization stood at ₹ 249.50 lakhs for the 2017-18 compared to ₹ 225.87 lakhs for the previous year.

(₹ in lakhs)

Particulars	F.Y. 2017-18	F.Y. 2016-17
Total Revenues	21,700.24	20,685.02
Revenues from Exports	11,839.98	10,178.63
PBDIT	2,695.98	2,586.04
PAT	1,571.20	1,465.43
Earnings per share	3.15	2.93

During the current financial year 2018-19, your Management is aiming another good successive year as the year started on a promising note with fabulous net profits.

ii. Operational Performance:

Overall, the macro-economic situation is still challenging and policy measures taken by the Government are yet to impact the business in a big way. However Company posted moderate growth in top line and excellent growth in Profits on the back of planned austerity measures and optimum resource management.

The Company's performance with regard to the export manufacturing sales volumes, improved by approximately 16% for the financial year 2017-18. Domestic manufacturing turnover in value terms grew by 21.25% due to improved pricing, however domestic trading turnover decreased by 9.37%. On the export business front, competition reduced, especially from China, due to environmental issues. Your Company has chosen to export these products only to certain select key accounts, keeping in mind the importance of maintaining a regular presence at these key accounts and also to support capacity utilization at desirable levels. By a combination of a better product mix helped by specialty products and continual improvement in the efficiency of operations at all locations, the Company has tried keeping its operating margins healthy for all the four quarters and has achieved an improvement in the EBIDTA levels.Turnover of the Company has been increased by 5.62% as compared to the previous year whereas the other operating revenues have also been increased by 4.91% as compared to the previous year.

Environmental & Hazardous Safety and Quality Assurance:

Vidhi strongly believes a safe and healthy workplace to its employees, a clean environment to its locations and in being a "supplier of choice" to its diverse customers. In order to achieve these objects, both the manufacturing plants and functions have targets on safety, quality and customer service, among others. Our ability to treat customers, employees and environment in a responsible way is not only ethically correct but also strengthens our partnership with those stakeholders upon whom our success as a Company ultimately depends.

As your Company deal with chemicals and is in the manufacturing food colours and trading in speciality chemicals, it has to make sure that the highest degree of safety measures is maintained in order to avoid any risk at the workplace. Your Company is committed to maintain its operations and workplace free from incidents and significant risk to the health and safety of its stakeholders through improved their work skills, strong channels of communication, safety awareness, and sound training

practices.

The Company's certified management system complies with ISO 9001:2008, ISO 22000:2005, OHSAS 18001 and HACCP which reflects the Company's continued commitment towards Quality, Environment, Occupational Health and safety approaches.

Internal Control Systems and its Adequacy:

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company. All operations at the Company are carried out on the SAP system. The Internal Auditors along with finance team plans the audit schedule for the year in consultation with CFO and the Audit Committee. The schedule of the audit is prepared on the basis of 'risk assessment' to make sure all the assets of the Company are protected against losses. The Audit Committee of the Board approves the internal audit plan at the start of every financial year to ensure the coverage of most functions with a view to minimise associated risks. The Company has engaged Independent external firm as the Internal Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement. The Audit Committee reviews the major findings of the internal audits with respect to different locations on periodical basis and functions to help take effective steps in ensuring compliance.

The periodic report prepared by Internal Auditors created the basis of certification provided by the Managing Director and Chief Financial Officer for financial reporting as required under regulation 17 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Human Resources:

The Company considers its committed and talented workforce as one of its most critical assets and key to driving sustainable performance and developing competitive advantage. In line with its business imperatives, the emphasis has been given to recruit the best talent, nurture, motivate and empower the human resources. To achieve its objective of attracting, retaining and developing its committed workforce, the Company sustained its various growth and development initiatives across the organization. Compensation and benefits packages have always been pivotal to retaining and motivating employees. The relations with the employees and workers remained cordial and harmonious throughout the year. The Company had total work force of 56 as on March 31, 2018.

Cautionary Statement

Certain statements under "Management Discussion & Analysis" may be forward looking statements within the meaning of applicable securities laws and regulations. The forward looking statements are based on certain assumptions and expectations of future events. Actual results may differ materially from those expressed or implied from the statements since the Company's operations are influenced by many external and internal factors beyond it's control.

INDEPENDENT AUDITOR'S REPORT

To the Members of Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of Vidhi Specialty Food Ingredients Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position (state of affairs), Profit or Loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, and relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and the auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

Basis for Qualified Opinion

The Provision for gratuity as required as per Ind AS 19 – "Employee Benefits" has not been made in current and preceding year. The Impact of same cannot be ascertained in absence of audit evidence (Actuarial Report) which constitutes a departure from the Ind AS 19 - "Employee Benefits". Consequently, the employee cost are understated and other equity are overstated for the current year.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its profit (including other comprehensive income) and its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a. We have sought and 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 law have been kept by the Company so far as it appears from our examination of those books;
   c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act and relevant rules issued there under;
   e. On the basis of written representations received from the Directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 from being appointed as a Director in terms of Section 164(2) of the Act;
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial Statements – Refer Note 27 on Contingent Liabilities to the Ind AS financial statements;
      (ii) There are neither long-term contracts nor derivative contracts and hence no provision is required resulting into material foreseeable losses under the applicable law or accounting standards;
      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **JMR & Associates**
Chartered Accountants,
Firm Registration No.: 106912W

Nikesh Jain
Partner
Membership No.: 114003

Place: Mumbai
Date: May 23, 2018

"Annexure A" to Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Vidhi Specialty Food Ingredients Limited on the financial statements for the year ended 31st March, 2018], we report that:

(i) In respect of Fixed Assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, all the fixed assets have not been physically verified by the management during the year, but there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to information & explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as reflected under the head property, plant & equipment, are held in the name of the Company.

(ii) In respect of Inventories:

As explained to us, inventories have been physically verified during the year by the management and in our opinion, the frequency of verification is reasonable. In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on such physical verification of stocks.

(iii) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act and accordingly, the provisions of Clause (iii) (a) to (c) of Paragraph 3 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan, made any investment, provided any guarantee or provided any security during the year. Accordingly, Paragraph 3(iv) of the order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of Section 73 to 76 of the Act and rules framed thereunder, and accordingly, the provisions of Clause (v) of Paragraph 3 of the Order is not applicable to the Company.

(vi) According to the information and explanation given to us, Central Government has not prescribed the maintenance of cost records under section (1) of Section 148 of the Act, for any of the services rendered by the company.

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, ESIC, Service Tax, Custom duty, Excise duty, Value Added Tax, Central Sales Tax, Goods and Services Tax, Cess and any other material statutory dues wherever applicable.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, ESIC, Service Tax, Custom duty, Excise duty, Value Added Tax, Central Sales Tax, Goods and Services Tax, Cess and any other statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues outstanding in respect of Provident Fund, ESIC, Service Tax, Custom duty, Excise duty, Value Added Tax, Central Sales Tax, Goods and Services Tax, Cess and any other statutory dues which has not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	8,68,350	2005-06	Central Sales Tax Appellate Authority
Value Added Tax Act, 2002	Value Added Tax	2,88,377	2012-13	Value Added Tax Appellate Authority
Value Added Tax Act, 2002	Value Added Tax	36,839	2013-14	Value Added Tax Appellate Authority
Central Sales Tax Act, 1956	Central Sales Tax	3,58,975	2013-14	Central Sales Tax Appellate Authority

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. Further, the Company does not have any dues payable to Financial Institutions or Debenture Holders.

(ix) Based on our audit procedures and on the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and through term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, Clause (xii) of Paragraph 3 of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with the directors. Accordingly, Clause (xv) of Para 3 of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) of the Order is not applicable to the Company.

For **JMR & Associates**
Chartered Accountants,
Firm Registration No.: 106912W

Nikesh Jain
Partner
Membership No.: 114003

Place: Mumbai
Date: May 23, 2018

"Annexure B" Independent Auditors' Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Vidhi Specialty Food Ingredients Limited on the financial statements for the year ended 31st March, 2018]

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vidhi Specialty Food Ingredients Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that –

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **JMR & Associates**
Chartered Accountants,
Firm Registration No.: 106912W

Nikesh Jain
Partner
Membership No.: 114003

Place: Mumbai
Date: May 23, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Lakhs)

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Assets				
1. Non-current assets				
(a) Property, Plant and Equipment	3	2,927.40	2,998.53	3,095.67
(b) Capital work-in-progress		-	-	-
(c) Investment property		-	-	-
(d) Intangible Assets		-	-	-
(e) Financial Assets				
(i) Investments	4.1	-	5.99	4.55
(ii) Loans		-	-	-
(iii) Others		-	-	-
(f) Other non-current assets	6	28.37	29.87	31.17
Total Non Current Assets		**2,955.77**	**3,034.39**	**3,131.39**
2. Current assets				
(a) Inventories	7	3,458.86	4,065.27	2,807.33
(b) Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Trade Receivables	4.2	5,907.24	6,111.83	3,958.78
(iii) Cash and cash equivalents	4.4	770.84	455.96	1,014.18
(iv) Bank Balances other than (iii) above	4.5	45.57	72.70	9.14
(v) Loans	4.3	26.94	32.55	32.96
(vi) Others	4.6	114.54	106.24	82.00
(c) Current Tax Assets (Net)	13	-	-	56.27
(d) Other Current Assets	8	2,243.62	2,525.30	1,210.60
(e) Assets classified as held for sale		-	-	-
Total Current Assets		**12,567.61**	**13,369.85**	**9,171.26**
Total Assets		**15,523.38**	**16,404.24**	**12,302.65**
Equity and Liabilities				
Equity				
(a) Equity Share Capital	9	500.20	500.20	500.20
(b) Other Equity	10	7,198.25	6,110.10	5,126.90
Total Equity		**7,698.45**	**6,610.30**	**5,627.10**
Liabilities				
1. Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11.1	432.75	300.48	486.27
(b) Provision		-	-	-
(c) Deferred tax liabilities (Net)	5	284.82	273.69	196.77
(d) Other non-current liabilities		-	-	-
Total Non-current Liabilities		**717.57**	**574.17**	**683.04**
2. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11.2	3,778.81	5,815.78	4,272.11
(ii) Trade payables - other than MSME	11.3	2,769.32	2,734.18	1,358.19
(iii) Trade payables - MSME	11.4	-	-	-
(iv) Other financial liabilities	11.5	391.94	360.71	305.18
(b) Provisions	12	13.39	-	-
(c) Current tax liabilities (Net)	13	92.67	261.57	-
(d) Other current liabilities	14	61.23	47.53	57.03
Total Current Liabilities		**7,107.36**	**9,219.77**	**5,992.51**
Total Equity and Liabilities		**15,523.38**	**16,404.24**	**12,302.65**
Significant Accounting Policies	**2**			

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JMR & Associates
Chartered Accountants
Firm Registration No. 106912W

CA. Nikesh Jain
Partner
Membership No: 114003

Mumbai, May 23, 2018

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited
(Formerly known as "Vidhi Dyestuffs Manufacturing Limited")

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Kalika V. Dabholkar
Company Secretary

Mumbai, May 23, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	15	21,700.24	20,685.03
Other income	16	40.75	82.12
Total Income		**21,740.99**	**20,767.15**
Expenditure			
Cost of material consumed	17(a)	7,148.47	5,664.22
Purchase of traded goods	17(b)	6,430.82	8,765.48
Change in inventories of traded goods and finished goods	17(c)	915.26	(1,061.03)
Excise duty		445.22	1,424.35
Employee benefits expense	18	533.51	418.88
Finance costs	19	494.07	392.08
Depreciation and amortisation expense	20	249.50	225.87
Other expenses	21	3,077.66	2,577.13
Total Expenses		**19,294.51**	**18,406.98**
Profit for the year before tax		**2,446.48**	**2,360.17**
Tax expenses			
Current tax	22	851.68	785.54
Deferred tax	22	11.08	76.42
Short/(excess) provision of tax relating to earlier years		12.52	32.78
Total tax expenses		**875.28**	**894.74**
Profit for the year from continuing operations		**1,571.20**	**1,465.43**
Other Comprehensive Income			
i) Items that will not be reclassified subsequently to profit or loss		0.16	1.45
ii) Income tax related to above		(0.06)	(0.50)
Other Comprehensive Income		**0.10**	**0.95**
Total Comprehensive Income		**1,571.30**	**1,466.38**
Earnings per share for profit from continuing operations:			
Basic Earnings per share		3.15	2.93
Diluted Earnings per share		3.15	2.93
Significant Accounting Policies	**2**		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JMR & Associates
Chartered Accountants
Firm Registration No. 106912W

CA. Nikesh Jain
Partner
Membership No: 114003

Mumbai, May 23, 2018

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited
(Formerly known as "Vidhi Dyestuffs Manufacturing Limited")

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Kalika V. Dabholkar
Company Secretary

Mumbai, May 23, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flow from Operating activities		
Profit before Income tax	2,446.49	2,360.17
Adjustments for :		
Provision for Diminuition	0.15	-
Depreciation	249.50	225.86
Finance Cost	494.07	392.08
Sundry Balances written back	(5.74)	(1.59)
Loss on Sale of Asset	5.55	0.32
Interest income	(28.71)	(31.88)
Dividend income	(0.12)	(0.02)
Proceeds on Maturity of Keymen Policy	-	(15.76)
Interest on DDT paid	-	3.65
Adjustment for Other Comprehensive Income	0.16	1.45
Claim received	(1.50)	-
Operating profit before Working Capital changes	**3,159.85**	**2,934.28**
(Increase) / Decrease in Trade Receivables	204.59	(2,153.04)
(Increase) / Decrease in Inventories	606.40	(1,257.94)
Increase / (Decrease) in Trade payables	40.88	1,377.59
(Increase) / Decrease in Financial Assets - Loans	5.61	0.42
(Increase) / Decrease in Financial Assets - Others	(6.81)	(24.23)
Increase / (Decrease) in Current Tax Assets	-	56.27
(Increase) / Decrease in Financial Assets - Other non-current assets	1.49	1.30
(Increase) / Decrease in Financial Assets - Other current assets	281.69	(1,314.73)
Increase / (Decrease) in Short Term Provisions	13.39	-
Increase / (Decrease) in Current Tax Liabilities	(168.90)	261.57
Increase / (Decrease) in Other financial liabilities	31.23	55.53
Increase / (Decrease) in Other current liabilities	13.70	(9.50)
Net changes in Working Capital	**1,023.27**	**(3,006.76)**
Cash generated from Operations	**4,183.12**	**(72.48)**
Direct taxes paid	(864.20)	(818.33)
Net cash Inflow / (Outflow) from operating activities [A]	**3,318.92**	**(890.81)**
Cash flow from Investing activities		
Purchase of Fixed Assets	(187.92)	(134.54)
Sale of Fixed Assets	4.00	5.50
Dividend received	0.12	0.02
Interest received	28.71	31.88
Sale proceeds of Investments	5.85	(1.44)
Proceeds on Maturity of Keymen Policy	-	15.76
Net cash Inflow / (Outflow) from Investing activities [B]	**(149.24)**	**(82.82)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flow from Financing activities		
Dividend paid	(483.17)	(483.17)
Interest on DDT paid	-	(3.66)
Finance Cost	(494.07)	(392.08)
Proceeds / (Repayment) of Long Term Borrowings	132.27	(185.78)
Proceeds / (Repayment) of Short Term Borrowings	(2,036.97)	1,543.67
Net cash Inflow / (Outflow) from Financing activities [C]	**(2,881.94)**	**478.98**
Net Increase / (Decrease) in cash and cash equivalents [A+B+C]	**287.74**	**(494.65)**
Cash and cash equivalents at the beginning of the year	528.67	1,023.32
Cash and cash equivalents at the end of the year	**816.41**	**528.67**

Reconciliation of Cash and Cash Equivalents as per the cash flow statement

Cash and Cash Equivalents as per above comprise of the following

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Balances with banks		
- in current accounts	765.58	453.75
- in dividend accounts	21.03	14.20
Deposits with maturity of less than three months	-	-
Bank Balance other than cash and cash equivalents	24.53	58.51
Cash on hand	5.25	2.21
Balance as per statement of Cash Flows	**816.41**	**528.67**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JMR & Associates
Chartered Accountants
Firm Registration No. 106912W

CA. Nikesh Jain
Partner
Membership No: 114003

Mumbai, May 23, 2018

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited
(Formerly known as "Vidhi Dyestuffs Manufacturing Limited")

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Kalika V. Dabholkar
Company Secretary

Mumbai, May 23, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2018

A. Share Capital **(₹ in Lakhs)**

Particulars	Amount
As at 01st April, 2016	**500.20**
Changes in Equity share capital	-
As at 31st March, 2017	**500.20**
Changes in Equity share capital	-
As at 31st March, 2018	**500.20**

B. Other Equity **(₹ in Lakhs)**

Particulars	Reserves and Surplus		Total Other Equity
	General Reserve	Retained Earnings	
Balance at 01-Apr-2016	586.60	4,540.30	**5,126.90**
Transfer to General Reserve	145.73	(145.73)	**-**
Profit for the year	-	1,465.42	**1,465.42**
Dividend and DDT paid	-	(483.17)	**(483.17)**
Other Comprehensive Income	-	0.95	**0.95**
Total Comprehensive Income for the year	-	0.95	**0.95**
Balance at 31-Mar-2017	**732.33**	**5,377.77**	**6,110.10**
Balance at 01-Apr-2017	732.33	5,377.77	**6,110.10**
Transfer to General Reserve	157.13	(157.13)	**-**
Profit for the year	-	1,571.21	**1,571.21**
Dividend and DDT paid	-	(483.17)	**(483.17)**
Other Comprehensive Income	-	0.11	**0.11**
Total Comprehensive Income for the year	-	0.11	**0.11**
Balance at 31-Mar-2018	**889.46**	**6,308.79**	**7,198.25**

NOTES FORMING PART OF IND AS FINANCIAL STATEMENTS

Corporate Information:

The Company was incorporated on 19th January, 1994 and is engaged in the business of manufacturing and trading in synthetic food colors and trading in chemicals. The Company was formerly known as "Vidhi Dyestuffs Manufacturing Limited" and w.e.f. 25th August, 2016, it is changed to "Vidhi Specialty Food Ingredients Limited".

The equity shares of the Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

(1) Significant Accounting Policies:

(i) Basis of preparation

The Financial Statements comply with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The financial statements upto the year ended 31st March 2017 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements under Ind AS. Refer Note 30 for an explanation of how the transition from the previous GAAP to Ind AS has affected the financial position, financial performance and cash flows of the Company. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value (Refer accounting policy regarding financial instrument).

(ii) Use of Estimates

Preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision of accounting estimates is recognized prospectively in current and future periods.

(iii) Current / Non-Current classification

The normal operating cycle of the Company is 12 months. Assets and Liabilities which are expected to be realizable / payable within 12 months are to be classified as current and rest will be classified as non-current.

(iv) Revenue Recognition

Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership to the customers, which is generally on dispatch of goods and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are stated exclusive of sales tax & GST and net of trade discount and quantity discount.

Dividend Income is recognized when the right to receive the dividend is established.

Interest Income is recognized on time proportion basis.

Export incentives / benefits are accounted for on accrual basis on value of exports affected during the year under consideration.

(v) Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at their reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

(vi) Property, plant and equipment

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as replacement if the recognition criterion is satisfied.

Property, plant and equipment is eliminated from the financial statements, either on disposal or on retirement from active use. Losses and gains arising from the retirement/disposal are recognised in the statement of profit or loss in the year of occurrence.

The asset's residual value, useful lives and methods of depreciation are reviews at each financial year and adjusted prospectively, if appropriate.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is provided on the "straight line method" based on the estimated useful life of assets which are equal to those suggested in Part C of schedule II of the Act.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual value of tangible assets.

Depreciation on additions / deletions is provided on pro-rata basis from the date of acquisition/ up to the date of deletion.

Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in an asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(vii) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets comprising of "Computer Software" are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Estimated useful life of software is assessed to be 10 years.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 01st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(viii) Inventories

Inventories comprise all cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing the inventories to their present location and condition.

The Inventories [Raw Materials, Traded Goods, Packaging Material, Stock in transit (RM) and Stock with Third Parties (RM)] are valued at lower of cost and net realizable value on First-In-First-Out basis (FIFO).

The Work-in-process and finished goods valued at the batch cost which comprises of cost of raw material, manufacturing expenses, labour charges and other direct expenses.

Stores and Spares are charged to the statement of profit and loss in the year of purchase.

(ix) Foreign currency

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are recorded on initial recognition in the functional currency, using the exchange rate prevailing on the date of transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

(x) Employee benefits

All employee benefits payable wholly within 12 months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Retirement benefits in the form of Provident Fund, Employee State Insurance and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Defined Contribution plan:

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective fund are due. There are no other obligations other than the contribution payable to the respective fund.

Defined Benefit Plans:

The Company contributes to a gratuity fund which has taken a group policy with Life Insurance Corporation of India for future payments of gratuity to retiring employees. The premium has been so adjusted as to cover the liability under the scheme in respect of all employees at the end of their future anticipated services with the company.

(xi) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

Contingent liability is disclosed in the case of:

- Present obligation arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past event, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

(xiii) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(xiv) Financial instruments

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial asset not recorded at fair value through profit or loss, transaction cost that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial asset measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified into two broad categories:

- Financial asset at fair value
- Financial asset at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit or loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income)

A financial asset that meet the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: the objective of the Company's model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes)
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meet the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt Instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity Instruments: All equity instruments within scope of Ind AS 109 are measured at fair value. Equity instruments which are classified as held for trading are measured at FVTPL. For all other equity instruments, the company decides to measure the same either at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of profit or loss, even on sale of such instruments.

The Investments are measured at Fair Market Value. The diminution in the market value of investments is not considered unless such diminution is considered permanent and accordingly provision for diminution is made in books of accounts.

All other financial asset is measured at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the company applies Expected Credit Losses (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The company follows "Simplified Approach" for recognition of impairment loss on these financial assets. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(ii) Financial liabilities:

Initial recognition and measurement:

Financial Liabilities are classified at initial recognition as:

(i) Financial liabilities at fair value through profit or loss,

(ii) Loans and borrowings, payables, net of directly attributable transaction costs or,

(iii) Derivatives designed as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments:

The Company uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Loans and borrowings–subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The Effective Interest Rate (EIR) amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

First-time adoption-mandatory exceptions, optional exemptions:

Overall Principle

The Company has prepared the opening Balance Sheet as per Ind AS as of the transition date which is 01st April, 2016, by

a) recognising all assets and liabilities whose recognition is required by Ind AS;

b) not recognising items of assets or liabilities which are not permitted by Ind AS;

c) reclassifying items from previous GAAP to Ind AS as required under Ind AS; and

d) applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

(1) De-recognition of financial assets and liabilities

The Company has applied the de-recognition requirements of financial assets and liabilities prospectively for transactions occurring on or after 01st April, 2016 (date of transition).

(2) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(3) Deemed cost for property, plant and equipment, investment property and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment, investment property and intangible assets recognised as of 01st April, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(4) Equity investments at FVTOCI

The Company has designated investment in equity shares as at FVTOCI on the basis of facts and circumstances that existed at the transition date. The Company has elected to measure investment in subsidiary at cost.

(5) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for the Impairment of financial assets based on expected credit loss model where application of the Indian GAAP did not require estimation.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Note 3: Property, Plant and Equipment (₹ in Lakhs)

Particulars	Lease-hold Land	Freehold Land	Factory Building	Admin-istrative Building	Furniture and Fix-tures	Office Premises	Office Equip-ments	Plant and Machin-ery	Electrical Installa-tion	Comput-ers	Tele-phones	Vehicles	Total
As at 01st April 2016													
Gross Carrying Amount													
Deemed cost as at 01st April 2016	30.77	3.75	1,006.78	18.57	0.49	277.36	0.61	1,487.90	131.46	0.14	0.60	137.23	3,095.67
Closing Gross Carrying Amount	**30.77**	**3.75**	**1,006.78**	**18.57**	**0.49**	**277.36**	**0.61**	**1,487.90**	**131.46**	**0.14**	**0.60**	**137.23**	**3,095.67**
Accumulated Depreciation													
Opening Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Carrying Amount	**30.77**	**3.75**	**1,006.78**	**18.57**	**0.49**	**277.36**	**0.61**	**1,487.90**	**131.46**	**0.14**	**0.60**	**137.23**	**3,095.67**
Year ended 31st March, 2017													
Gross Carrying Amount													
Opening Gross Carrying Amount	30.77	3.75	1,006.78	18.57	0.49	277.36	0.61	1,487.90	131.46	0.14	0.60	137.23	3,095.67
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	30.45	-	-	-	5.65	82.88	-	-	-	15.56	134.54
Disposals	-	-	-	-	-	-	-	-	-	-	-	(12.84)	(12.84)
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**30.77**	**3.75**	**1,037.23**	**18.57**	**0.49**	**277.36**	**6.26**	**1,570.78**	**131.46**	**0.14**	**0.60**	**139.95**	**3,217.37**
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge during the year	0.42	-	41.54	1.56	0.15	9.61	0.76	126.50	19.09	0.08	0.48	25.68	225.87
Disposals	-	-	-	-	-	-	-	-	-	-	-	(7.02)	(7.02)
Closing Accumulated Depreciation	**0.42**	**-**	**41.54**	**1.56**	**0.15**	**9.61**	**0.76**	**126.50**	**19.09**	**0.08**	**0.48**	**18.66**	**218.84**
Net Carrying Amount	**30.35**	**3.75**	**995.69**	**17.01**	**0.34**	**267.75**	**5.50**	**1,444.28**	**112.37**	**0.06**	**0.12**	**121.29**	**2,998.53**
Year ended 31st March, 2018													
Gross Carrying Amount													
Opening Gross Carrying Amount	30.77	3.75	1,037.23	18.57	0.49	277.36	6.26	1,570.79	131.46	0.14	0.60	139.95	3,217.37
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	0.60	172.29	-	5.77	-	9.27	187.92
Disposals	-	-	-	-	-	-	-	-	-	-	-	(21.29)	(21.29)
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**30.77**	**3.75**	**1,037.23**	**18.57**	**0.49**	**277.36**	**6.86**	**1,743.08**	**131.46**	**5.91**	**0.60**	**127.93**	**3,384.01**
Accumulated Depreciation	0.42	-	41.54	1.56	0.15	9.61	0.76	126.50	19.09	0.08	0.48	18.66	218.84
Depreciation charge during the year	0.42	-	43.09	1.56	0.10	9.61	1.30	149.01	19.09	0.31	0.11	24.91	249.50
Disposals	-	-	-	-	-	-	-	-	-	-	-	(11.73)	(11.73)
Closing Accumulated Depreciation	**0.84**	**-**	**84.63**	**3.12**	**0.25**	**19.22**	**2.06**	**275.51**	**38.18**	**0.39**	**0.59**	**31.84**	**456.61**
Net Carrying Amount	**29.93**	**3.75**	**952.60**	**15.45**	**0.24**	**258.14**	**4.80**	**1,467.57**	**93.28**	**5.52**	**0.01**	**96.09**	**2,927.40**

Financial Assets

4.1 Non Current Investments (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Investments in Equity Instruments			
Quoted			
622 (31 March 2017: 622, 01 April 2016: 622) Equity shares Coal India Limited	-	0.05	0.02
1,380 (31 March 2017: 1,380, 01 April 2016: 1,380) Equity shares Birla Machining and Toolings Limited	-	1.82	1.82
3,616 (31 March 2017: 3,616, 01 April 2016: 3,616) Equity shares Diamines and Chemicals Limited	-	2.00	1.22
10,057 (31 March 2017: 10,057, 01 April 2016: 10,057) Equity shares Ontrack Systems Limited	0.15	0.15	0.15
889 (31 March 2017: 889, 01 April 2016: 889) Equity shares Power Grid Corporation of India Limited	-	1.75	1.24
500 (31 March 2017: 500, 01 April 2016: 500) Equity shares Roman Tarmat Limited	-	0.23	0.11
Less: Provision for Diminuition of Equity shares Ontrack Systems Limited	(0.15)	-	-
Total	**-**	**5.99**	**4.55**
Aggregate amount of quoted investments and market value thereof	-	5.99	4.55
Aggregate amount of unquoted investments	-	-	-
Aggregate amount of impairment in the value of investments	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

4.2 Trade Receivables (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Trade receivables (Unsecured, considered good)	-	-	-
Trade receivables	5,907.24	6,111.83	3,958.78
Total	5,907.24	6,111.83	3,958.78
Less: Allowance for bad and doubtful debts	-	-	-
Total receivables	**5,907.24**	**6,111.83**	**3,958.78**
Current portion	5,907.24	6,111.83	3,958.78
Non-current portion	-	-	-

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

4.3 Current (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Unsecured, Considered Good			
Loans and Advances to Employees	26.94	32.55	32.96
Other Advances	-	-	-
Total Current Loans	**26.94**	**32.55**	**32.96**

4.4 Cash and cash equivalents (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Balances with banks			
In current accounts	765.58	453.75	1,010.55
Cash on hand	5.25	2.21	3.63
Total Cash & Cash Equivalents	**770.84**	**455.96**	**1,014.18**

4.5 Bank Balances other than Cash & Cash Equivalents (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Earmarked Balances with Bank			
Unpaid dividend accounts	21.03	14.20	9.14
Bank deposit with original maturity of more than 3 months but less than 12 months*	24.53	58.51	-
Total Bank Balances other than cash & cash equivalents	**45.57**	**72.70**	**9.14**

* Deposits are lying against Overdraft Facility and Bank Gaurantees.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Other financial assets

4.6 Current (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Accrued Interest	18.82	15.95	13.05
Security Deposits	74.04	70.40	68.95
Others	21.69	19.88	-
Total other financial assets	**114.54**	**106.24**	**82.00**

5 Deferred tax Liability / (Assets)

The balance comprises temporary differences attributable to: (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
On Property, Plant and Equipments	287.05	275.97	199.55
Deferred tax OCI	(2.22)	(2.28)	(2.78)
Net Deferred tax Liability / (Assets)	**284.82**	**273.69**	**196.77**

Movement in Deferred Tax Liability / (Assets) (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Opening Balance	273.69	196.77	196.77
Deferred Tax Liability	-	-	-
Recognised in Profit or Loss	19.96	76.87	-
Recognised in Other comprehensive Income	0.06	0.56	-
Deferred Tax Asset	-	-	-
Recognised in Profit or Loss	(8.88)	(0.45)	-
Recognised in Other comprehensive Income	-	(0.05)	-
Net Deferred tax Liability / (Assets)	**284.82**	**273.69**	**196.77**

6 Other Non-Current Assets (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Advances other than Capital Advances			
Long Term Prepaid Expenses	28.37	29.87	31.17
Total Other Non-Current Assets	**28.37**	**29.87**	**31.17**

7 Inventories (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Raw Materials	1,084.42	804.14	616.00
Work-In-Progress	584.49	502.96	490.12
Finished Goods	816.11	658.05	936.81
Traded Goods	923.89	2,078.73	751.79
Packaging Material	24.51	-	-
Stock in transit (RM)	25.44	21.38	12.61
Total Inventories	**3,458.86**	**4,065.27**	**2,807.33**

Note: There is a Charge in favour of HDFC Bank & Vijaya Bank by way of hypothecation of fully insured raw materials, work in progress and finished goods comprising of food colours and other material.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

8 Other current assets (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Advance other than capital advances			
Advance to Suppliers	886.71	1,440.38	418.28
Others (specify nature)	-	-	-
Prepaid Expenses	46.39	11.28	10.35
Deposits /Balance with statutory/government authorities	901.12	805.56	566.79
Export Incentives Receivables	407.46	266.16	213.23
Refund of Wealth Tax AY 12-13	1.95	1.95	1.95
Total other current assets	**2,243.62**	**2,525.30**	**1,210.60**

9 Equity Share capital

Authorised equity share capital

Particulars	Number of Shares (in Lakhs)	Par Value per Share (₹)	(₹ in Lakhs)
As at 1 April 2016	600.00	1.00	600.00
Increase during the year	-	-	-
As at 31 March 2017	**600.00**	**1.00**	**600.00**
Increase during the year	-	-	-
As at 31 March 2018	**600.00**	**1.00**	**600.00**

Issued share capital

Particulars	Number of Shares (in Lakhs)	Par Value per Share (₹)	(₹ in Lakhs)
As at 1 April 2016	500.34	1.00	500.34
Increase during the year	-	-	-
As at 31 March 2017	**500.34**	**1.00**	**500.34**
Increase during the year	-	-	-
As at 31 March 2018	**500.34**	**1.00**	**500.34**

(i) Subscribed and fully paid up

Particulars	Number of Shares (in Lakhs)	Par Value per Share (₹)	Equity Share Capital (₹ in Lakhs)
As at 1 April 2016	499.45	1.00	499.45
Increase during the year	-	-	-
As at 31 March 2017	**499.45**	**1.00**	**499.45**
Increase during the year	-	-	-
As at 31 March 2018	**499.45**	**1.00**	**499.45**

(ii) Subscribed but not fully paid share capital

Particulars	Number of Shares (in Lakhs)	Par Value per Share (₹)	Equity Share Capital (₹ in Lakhs)
Forfeited Shares	0.89	1.00	0.75

Total Subscribed share capital

Particulars	Number of Shares (in Lakhs)	Par Value per Share (₹)	Equity Share Capital (₹ in Lakhs)
As at 1 April 2016	**499.45**	**1.00**	**500.20**
As at 31 March 2017	**499.45**	**1.00**	**500.20**
As at 31 March 2018	**499.45**	**1.00**	**500.20**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Terms and Right Attached to Equity Shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Shareholders have all other rights as available to equity shareholders as per the provisions of the Companies Act, 2013, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

(iii) Details of shareholders holding more than 5% shares in the company **(₹ in Lakhs)**

No of shares

Name of Holders	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Bipin M. Manek	141.10	141.10	141.10
Pravina B. Manek	179.91	179.91	179.91

Percentage of Holding

Name of Holders	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Bipin M. Manek	28.25%	28.25%	28.25%
Pravina B. Manek	36.02%	36.02%	36.02%

10 Reserves and Surplus **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
General Reserve	889.46	732.33	586.60
Retained earnings	6,308.79	5,377.77	4,540.30
Reserves and Surplus	**7,198.25**	**6,110.10**	**5,126.90**

(i) General Reserves **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Opening balance	732.33	586.60	586.60
Additions for the year	157.13	145.73	-
Closing Balance	**889.46**	**732.33**	**586.60**

The general Reserves used from time to time to transfer profits from retained earnings for appropriation purpose. As a general reserves created by a transfer from one component of equity to another and is not an item of other comprehensives income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(ii) Retained Earnings **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Opening balance	**5,377.77**	**4,540.30**	-
Surplus for the year	1,571.21	1,465.42	-
Other Comprehensive Income for the Year	0.11	0.95	-
Tranfer to General Reserve	(157.13)	(145.73)	-
Dividend	(399.56)	(399.56)	-
Dividend Distribution Tax	(83.61)	(83.61)	-
Closing Balance	**6,308.79**	**5,377.77**	**4,540.30**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Dividends:

The following dividend were declared and paid by the Company during the year : **(₹ in Lakhs)**

Particulars	31 March 2018	31 March 2017
₹ 0.80 per equity share (31 March 2017: ₹ 0.80) per equity share	399.56	399.56
Dividend distribution tax (DDT) on dividend to equity shareholders	83.61	83.61
Total	**483.17**	**483.17**

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to approval at the annual general meeeting; the dividends have not been recognised as liabilties. Dividend would attract dividend distribution tax when declared or paid.

(₹ in Lakhs)

Particulars	31 March 2018	31 March 2017
₹ 0.20 per equity share (31 March 2017: ₹ 0.20) per equity share	99.89	99.89
Dividend distribution tax (DDT) on dividend to equity shareholders	20.90	20.90
Total	**120.79**	**120.79**

Borrowings

11.1 Non-current Borrowings **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Secured			
Term Loans			
From Banks*	534.33	338.05	575.38
From Others**	79.96	72.44	76.07
Non-current Borrowings	**614.29**	**410.49**	**651.45**
Less: Current maturities of long-term debt	181.54	110.00	165.18
Total Non-current Borrowings	**432.75**	**300.49**	**486.27**

Particulars	Rate of Interest	Maturity Date	Terms of Repayment
From Banks*			
Standard Chartered Bank	11%	First day of the Month	180 Monthly Instalments
Vijaya Bank	11% to 13%	23-Mar-21	60 Monthly Instalments
From Others**			
Bajaj Allianz Life Insurance Company Ltd.	10%	Ranging from December 2018 to December 2024 [Different Maturity period of 10 Policies]	Repayment of loan on maturity of policy

11.2 Current Borrowings **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Loans repayable on demand			
Secured			
From Banks			
Working Capital Loans	3,778.81	5,815.78	4,272.11
Total Current borrowings	**3,778.81**	**5,815.78**	**4,272.11**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

(a) Secured borrowings and assets mortgaged/ hypothecated as security

i) Term Loan from Vijaya bank is secured as under:

Primary Security

Charge on Plot No. 68 under Vijaya Bank Term loan.

Collateral Security

a) Charge in favour Vijaya Bank by way of mortgage of Property mentioned as per below details:

Property Description	Type of Property	Owned by
Factory Land and Building situated at Roha	Industrial Unit	Vidhi Speciality Food Ingredients Ltd.
E/27 Commerce Centre, Mumbai	Commercial Office	Jointly owned by : Mrs. Pravina Manek-Director and Alka Modi- Ex Director
E/28 & 29, Commerce centre, Mumbai	Commercial Office	Vidhi Speciality Food Ingredients Ltd.
Term Deposits	Term Deposits	Vidhi Speciality Food Ingredients Ltd.

Stock & book Debts

ii) Term Loans from Bajaj Allianze Life Insurance Company Limited

Term Loan taken against Keyman Insurance Policy in the Name of the Bipin M. Manek [Director] and Naresh Modi.

iii) Working capital loan from HDFC bank is secured as under:

Primary Security

Charge in favour of HDFC Bank, Vijaya Bank by way of hypothecation of stocks, book debts and Plant and Machinery of the company.

Collateral Security

Factory Land and Building situated at Roha and E/27-28 & 29 Commerce Centre, Mumbai.

iv) Working capital loan from Vijaya bank is secured as under:

Primary Security

Charge by way of hypothecation of fully insured raw material, work in progress and finished goods comprising of food colours and other material.

Charge on Plant and Machinery and Manufacturing facility at Plot No.59B & 68, Roha, Mumbai.

Collateral Security

Factory Land and Building situated at Roha and E/27, E/28 and E/29, Commerce Centre, Mumbai.

Term Deposits

v) Loan from Standard Chartered bank is secured by personal assets of a director.

(b) The carrying amounts of financial and non-financial assets mortgaged/ hypothecated as security for current and non current borrowings are disclosed in Note 25.

Financial Liabilities

11.3 Trade Payables - from other than MSME **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Current			
Trade Payables	2,769.32	2,734.18	1,358.19
Total trade payables - from other than MSME	**2,769.32**	**2,734.18**	**1,358.19**

11.4 Trade payables - from MSME **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Current			
Trade Payables	-	-	-
Total Trade Payables - from MSME	**-**	**-**	**-**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

11.5 Other financial liabilities (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Current			
Current maturities of long-term debt	181.54	110.00	165.18
Outstanding statutory liabilities	97.85	156.84	54.03
Unpaid dividend	21.05	14.20	9.14
Outstanding Expenses	88.11	77.39	73.25
Other liabilities	3.39	2.28	3.58
Other Current Financial Liabilities	**391.94**	**360.71**	**305.18**

12 Current Provisions (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Provision For Bonus	13.39	-	-
Total Current Provisions	**13.39**	**-**	**-**

13 Current Tax Assets and Liabilities (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Advance payment of Taxes [Net of Provision for Tax of ₹ NIL (2017 - NIL) (2016 - ₹ 690 Lacs)]	-	-	56.27
Provision for Tax [Net of Advance Tax of ₹ 735 Lacs (2017 - ₹ 500 Lacs) (2016 - NIL)	(92.67)	(261.57)	-
Total Current Tax Asset/(Liability)	**(92.67)**	**(261.57)**	**56.27**

14 Other current liabilities (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Advance from customers	61.23	47.53	48.09
Bank Balance Overdrawn	-	-	8.93
Other current liabilities	**61.23**	**47.53**	**57.03**

15 Revenue from Operations (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products (including excise duty)		
Manufactured goods	12,437.42	10,671.35
Traded goods	8,527.26	9,408.88
	20,964.68	**20,080.23**
Other operating revenue		
Export Incentive	316.23	261.92
Net gain on foreign currency transaction and translation	419.33	342.87
	735.56	**604.79**
Total revenue from continuing operations	**21,700.24**	**20,685.03**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

16 Other Income (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest received	28.71	31.88
Dividend received	0.12	0.02
Claim Received for Loss	1.50	-
Proceeds on Maturity of Keymen Policy	-	15.76
Interest on Late Payment	1.55	-
Lifting Charges	1.63	-
MSG Refund	-	11.46
Rate difference	-	20.10
Interest on FV of Rent Deposit	1.49	1.30
Sundry balances written Back	5.74	1.59
Total other income	**40.75**	**82.12**

17(a) Cost of materials consumed (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i) Opening Stock		
Raw materials and Packing material	804.14	616.00
Stock in Transit	21.38	12.61
(ii) Add: Purchases		
Raw materials	6,583.40	5,309.92
Packing material	297.95	225.48
Fuel	182.66	67.81
(iii) Less: Closing Stock		
Raw Material and Packing Materials	1,108.94	804.14
Stock in transit	25.44	21.38
Labour Charges	393.31	257.91
Total	**7,148.47**	**5,664.22**

17(b) Purchase of stock in trade (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Traded goods	6,430.82	8,765.48
Total	**6,430.82**	**8,765.48**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

17(c) Changes in inventories of work-in-progress, stock-in-trade and finished goods (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i) Manufactured finished goods		
Opening stock	658.05	936.81
Less: Closing stock	816.11	658.05
	(158.06)	**278.76**
(ii) Work-in-progress		
Opening stock	502.96	490.12
Less: Closing stock	584.49	502.96
	(81.53)	**(12.84)**
(iii) Traded goods		
Opening stock	2,078.73	751.79
Less: Closing stock	923.89	2,078.73
	1,154.84	**(1,326.94)**
Total	**915.26**	**(1,061.03)**

18 Employee benefit expense (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Factory Salaries and Wages	218.85	167.43
Bonus	28.82	15.81
Remuneration & Commission to Directors	240.35	193.91
Contribution to Provident and Other Funds	11.00	8.31
Staff Welfare Expenses	34.49	33.41
Total employee benefit expense	**533.51**	**418.88**

19 Finance cost (₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on Long Term Borrowings	44.28	68.71
Interest on Short Term Borrowings	56.78	45.11
Interest on Bill Discounting and PCL	306.32	193.84
Bank Processing Charges	66.43	83.50
Loan Processing Charges	20.25	0.92
Total finance cost	**494.07**	**392.08**

20 Depreciation and amortisation expense (₹ in Lakhs)

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation on property, plant and equipment	3	249.50	225.87
Total Depreciation and Amortisation Expense		**249.50**	**225.87**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

21 Other expenses **(₹ in Lakhs)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Manufacturing and operating expenses		
Anti-dumping duty	155.38	166.93
Clearing and forwarding	163.96	171.56
Effluent treatment charges	43.19	47.37
Freight and octroi charges	166.32	139.46
Insurance charges	10.55	12.19
Power charges	473.04	413.97
Professional and consultancy fees	9.83	9.24
Repairs and Maintenance	-	-
- Buildings	19.08	12.19
- Plant and Machinery	355.17	307.96
- Others	112.58	82.90
Stores and spares consumed	154.78	114.18
Warehousing charges	43.65	37.21
Import Charges	80.99	146.70
Miscellaneous manufacturing and operating expenses	204.46	174.86
	1,993.00	**1,836.72**
b) Administrative expenses		
Agency charges	23.69	34.05
Provision for Diminuition	0.15	-
Keyman insurance premium	10.94	-
Printing and stationery	30.20	17.56
Payments to Auditors (refer note 21.1)	8.00	16.25
Communication expenses	6.26	9.15
Electricity expenses	3.39	3.78
Rent rates and taxes	95.51	40.78
Professional and consultancy charges	26.76	38.80
Donation	1.21	2.30
Listing Fees	5.36	5.30
Travelling Charges	7.94	8.45
Commission	90.00	90.00
Director Sitting Fees	1.28	0.83
Swachh Bharat Cess	0.69	5.97
Interest on Others	7.54	11.16
Corporate Social Responsibility (refer note 21.2)	40.00	-
Miscellaneous administrative expenses	118.94	65.24
	477.86	**349.60**
c) Selling and distribution expenses		
Advertisement	4.47	5.71
Business promotion	31.51	22.21
Clearing and forwarding	2.75	15.76
Commission expenses	52.12	30.76
E. C. G. C. premium	14.88	14.70
Exhibition and trade fair expenses	23.47	11.69
Foreign travelling expenses	16.86	12.96

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
ISI / FDA marketing fees	94.25	15.25
Freight and Octroi Charges	240.91	189.91
Terminal handling charges	68.45	45.09
Packing and forwarding	24.61	22.86
Miscellaneous distribution and selling expenses	32.52	3.91
	606.80	**390.81**
Total other expenses	**3,077.66**	**2,577.13**

21.1 Details of payment to auditors **(₹ in Lakhs)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Payment to auditos		
As Auditor:		
Audit Fee	7.50	7.50
Tax Audit Fee	-	1.75
In other capacities:		
Certification fees	-	2.50
Others	0.50	4.50
Total payments to auditors	**8.00**	**16.25**

21.2 Corporate social responsibility expenditure

As per the Section 135 of the Companies Act, 2013 every year the Company is required to spend at least 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. Gross amount required to be spent by the company during the year is ₹ 43.95 Lacs (PY - ₹ 33.96 Lacs) and actually spent by the Company during the year is ₹ 40 Lacs (PY- ₹ NIL), the details of which is as given below:

(₹ in Lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Construction/ acquisition of any asset	-	-
For Educational activity for the benefit of the student	40.00	-
Total corporate social responsibility expenditure	**40.00**	**-**

22 Income Tax Expense **(₹ in Lakhs)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Income tax expense		
Current tax		
Current tax on profits for the year	851.68	785.54
Adjustments for current tax of prior periods	12.52	32.78
Total current tax expense	**864.20**	**818.32**
Deferred tax		
Deferred tax expense/(income)	11.08	76.42
Total deferred tax expense/(income)	**11.08**	**76.42**
Income tax expense	**875.28**	**894.74**
Income tax expense is attributable to:		
Profit from continuing operations	**875.28**	**894.74**
Profit from discontinued operation	**-**	**-**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Reconciliation of Tax Expense and the accounting profit multiplied by India's Tax rate **(₹ in Lakhs)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit from Continuing operations before Income tax expense	2,446.48	2,360.17
Profit from discontinuing operations before Income tax expense	-	-
	2,446.48	**2,360.17**
Tax at the Indian Tax Rate of 34.608 % (2016-2017 - 34.608 %)	846.68	816.81
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	-	-
Provision for Bonus	4.63	-
CSR	13.84	-
Interest on Late payment of TDS	2.06	0.49
Penalty on PT	0.01	0.94
Loss on Sale of Motor Car	1.92	0.11
Donation	0.42	0.79
Interest on DDT	-	1.27
Provision for Diminution	0.05	2.81
Other Difference	5.66	71.53
Income tax expense	**875.28**	**894.74**

Note 23: Fair values Measurement

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Lakhs)

Particulars	As at 31 March 2018							
	Fair value				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Non Current Financial assets								
Investments	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Current Financial assets								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	5,907.24	5,907.24	-	-	5,907.24	5,907.24
Cash and cash equivalents	-	-	770.84	770.84	-	-	770.84	770.84
Bank balances other than Cash and cash equivalents	-	-	45.57	45.57	-	-	45.57	45.57
Current loans	-	-	26.94	26.94	-	-	26.94	26.94
Other current financial assets	-	-	102.92	102.92	-	-	102.92	102.92
- Rent Deposits	11.62	-	-	11.62	-	-	11.62	11.62
	11.62	**-**	**6,853.50**	**6,865.12**	**-**	**-**	**6,865.12**	**6,865.12**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	As at 31 March 2018							
	Fair value				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Non Current Financial liabilities								
Borrowings	-	-	432.75	432.75	-	-	432.75	432.75
Current Financial liabilities								
Borrowings	-	-	3,778.81	3,778.81	-	-	3,778.81	3,778.81
Trade payables - other than MSME	-	-	2,769.32	2,769.32	-	-	2,769.32	2,769.32
Other current financial liabilities	-	-	391.94	391.94	-	-	391.94	391.94
	-	**-**	**7,372.81**	**7,372.81**	**-**	**-**	**7,372.81**	**7,372.81**

(₹ in Lakhs)

Particulars	As at 31 March 2017							
	Fair value				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Non Current Financial assets								
Investments	-	5.99	-	5.99	5.99	-	-	5.99
Loans	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Current Financial assets								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	6,111.83	6,111.83	-	-	6,111.83	6,111.83
Cash and cash equivalents	-	-	455.96	455.96	-	-	455.96	455.96
Bank balances other than Cash and cash equivalents	-	-	72.70	72.70	-	-	72.70	72.70
Current loans	-	-	32.55	32.55	-	-	32.55	32.55
Other current financial assets	-	-	96.10	96.10	-	-	96.10	96.10
- Rent Deposits	10.13	-	-	10.13	-	-	10.13	10.13
	10.13	**5.99**	**6,769.14**	**6,785.26**	**5.99**	**-**	**6,779.27**	**6,785.26**
Non Current Financial liabilities								
Borrowings	-	-	300.48	300.48	-	-	300.48	300.48
Current Financial liabilities								
Borrowings	-	-	5,815.78	5,815.78	-	-	5,815.78	5,815.78
Trade payables - other than MSME	-	-	2,734.18	2,734.18	-	-	2,734.18	2,734.18
Other current financial liabilities	-	-	360.71	360.71	-	-	360.71	360.71
	-	**-**	**9,211.15**	**9,211.15**	**-**	**-**	**9,211.15**	**9,211.15**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	As at 1 April 2016							
	Fair value				Fair value			
	Fair value through profit and loss	Fair value through other com-prehensive income	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Non Current Financial assets								
Investments	-	4.55	-	4.55	4.55	-	-	4.55
Loans	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Current Financial assets								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	3,958.78	3,958.78	-	-	3,958.78	3,958.78
Cash and cash equivalents	-	-	1,014.18	1,014.18	-	-	1,014.18	1,014.18
Bank balances other than Cash and cash equivalents	-	-	9.14	9.14	-	-	9.14	9.14
Current loans	-	-	32.96	32.96	-	-	32.96	32.96
Other current financial assets	-	-	73.17	73.17	-	-	73.17	73.17
- Rent Deposits	8.83	-	-	8.83	-	-	8.83	8.83
	8.83	**4.55**	**5,088.24**	**5,101.61**	**4.55**	**-**	**5,097.06**	**5,101.61**
Non Current Financial liabilities								
Borrowings	-	-	486.27	486.27	-	-	486.27	486.27
Current Financial liabilities								
Borrowings	-	-	4,272.11	4,272.11	-	-	4,272.11	4,272.11
Trade payables - other than MSME	-	-	1,358.19	1,358.19	-	-	1,358.19	1,358.19
Other current financial liabilities	-	-	305.18	305.18	-	-	305.18	305.18
	-	**-**	**6,421.75**	**6,421.75**	**-**	**-**	**6,421.75**	**6,421.75**

B. Fair value heirarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 heirarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Note 24: Financial Risk Management

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. We are exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

A. Currency risk

The Company is exposed to currency risk on account of transaction with foreign subsidiaries and other parties. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016 are as below:

₹ in Lakhs

March 31, 2018	USD	INR	EUR	INR	AED	INR
Financial assets (A)						
Trade and other receivables	$ 2,296,682	₹ 1,493.76	€ 111,263	₹ 89.70	-	-
Financial liabilities (B)						
Trade and other payables	$ 1,234,874	₹ 803.16	€ 74,624	₹ 6.06	107,110	₹ 31.49

March 31, 2017	USD	INR	EUR	INR	AED	INR
Financial assets (A)						
Trade and other receivables	$ 1,098,641	₹ 712.25	€ 89,292	₹ 61.83	-	-
Financial liabilities (B)						
Trade and other payables	$ 1,492,688	₹ 967.71	€ 193,600	₹ 134.07	11,230	₹ 1.98

April 1, 2016	USD	INR	EUR	INR	GBP	INR
Financial assets (A)						
Trade receivables	$ 1,596,788	₹ 1,059.15	€ 40,680	₹ 30.55	£ 18,780.00	₹ 17.86
Financial liabilities (B)						
Trade payables	$ 653,528	₹ 433.49	€ 198,000	₹ 148.70	-	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currencies at March 31 2018 would have affected the measurement of financial instruments denominated in foreign currencies and affected Statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Trade Receivable **(₹ in Lakhs)**

Effect in INR	March 31, 2018		March 31, 2017		April 01, 2016	
	3% decrease	3% Increase	3% decrease	3% Increase	3% decrease	3% Increase
3% movement						
USD	(44.81)	44.81	(21.37)	21.37	(31.77)	31.77
EUR	(2.69)	2.69	(1.85)	1.85	(0.92)	0.92
GBP	-	-	-	-	(0.54)	0.54

Trade Payables **(₹ in Lakhs)**

Effect in INR	March 31, 2018		March 31, 2017		April 01, 2016	
	3% Increase	3% decrease	3% Increase	3% decrease	3% Increase	3% decrease
3% movement						
USD	(24.09)	24.09	(29.03)	29.03	(13.00)	13.00
EUR	(0.18)	0.18	(4.02)	4.02	(4.46)	4.46
AED	(0.06)	0.06	(0.06)	0.06	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

B. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in securities.

a. Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Company does not have any significant concentration of credit risk. There are no customers which accounted for 10% or more of the total trade receivables as at the year end. Hence, the company is not required to provide for ECL at the year end.

b. Cash and cash equivalents and Other bank balances

The Company held cash and cash equivalents and other bank balances of ₹ 816.40 lakhs at March 31, 2018 (March 31, 2017: ₹ 528.67 lakhs, April 1, 2016: ₹ 1,023.32 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

c. Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

The carrying amounts of financial assets represent the maximum credit risk exposure. **(₹ in Lakhs)**

Exposure to Credit Risk	31-Mar-18	31-Mar-17
Financial risk for which loss allowance is measured using 12 months expected Credit Losses (ECL)		
Loans	26.94	32.55
Cash & cash equivalent	816.40	528.66
Trade Receivables	5,907.24	6,111.83
Financial risk for which loss allowance is measured using Lifetime expected Credit Losses (ECL)	-	-

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired

C. Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undisounted payments

(₹ in Lakhs)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
As on 31.03.2017				
Current Borrowings	5,815.78	-	-	5,815.78
Trade Payables	2,734.18	-	-	2,734.18
Other Financial Liabilities	360.71	-	-	360.71
Term Loans-from Banks	-	300.48	-	300.48
As on 31.03.2018				
Current Borrowings	3,778.81	-	-	3,778.81
Trade Payables	2,769.32	-	-	2,769.32
Other Financial Liabilities	391.94	-	-	391.94
Term Loans-from Banks	-	432.75	-	432.75

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Maturity profile of financial assets

The table below provide details regarding the contractual maturities of financial assets at the reporting date **(₹ in Lakhs)**

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
As on 31.03.2017				
Trade receivables	6,111.83	-	-	6,111.83
Current Loans	32.55	-	-	32.55
Other current financial assets	15.95	19.88	70.40	106.23
As on 31.03.2018				
Trade receivables	5,907.24	-	-	5,907.24
Current Loans	26.94	-	-	26.94
Other current financial assets	18.82	21.69	74.04	114.55

D. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate.

Note 25: Assets Pledged/ Mortgaged/Hypothecated as security

The carrying amounts of assets mortgaged/hypothecated as security for current and non-current borrowings are: **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Current Financial Assets			
First Charge			
Book Debts	5,907.24	6,111.83	3,958.78
Stock of Raw Material	1,084.42	804.14	616.00
Stock of Work In Progress	584.49	502.96	490.12
Stock of Finished Goods	816.11	658.05	936.81
Stock of Traded Goods	923.89	2,078.73	751.79
Stock of Packaging Material	24.51	-	-
Stock in Transit (RM)	25.44	21.38	12.61
Total current assets mortgaged/hypothecated as security	**9,366.10**	**10,177.09**	**6,766.11**
Non-current			
First Charge			
Freehold Land	3.75	3.75	3.75
Leasehold Land	29.93	30.35	30.77
Factory Building	952.61	995.70	1,006.78
Administrative Building	15.44	17.00	18.57
Furniture and Fixtures	0.23	0.34	0.49
Office Premises	258.15	267.75	277.36
Office Equipments	4.80	5.50	0.61
Plant & Machinery	1,467.57	1,444.29	1,487.90
Electrical Installation	93.28	112.37	131.46
Total non-current assets mortgaged/hypothecated as security	**2,825.76**	**2,877.05**	**2,957.69**
Total assets mortgaged/hypothecated as security	**12,191.86**	**13,054.14**	**9,723.80**

26 Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial statements.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. **(₹ in Lakhs)**

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Net Debt	4,393.09	6,226.26	4,923.56
Total equity plus debt	12,091.55	12,836.57	10,550.66
Net Debt to Equity Ratio	**36.33%**	**48.50%**	**46.67%**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

26 Related party transactions

Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party Disclosures

a) Related Party Relationships

Name of the Party	Relationship
Arjun Food Colorants Manufacturing Private Limited	Enterprises over which major Shareholder is able to exercise significant influence
Trident Colours & Chemicals	Enterprises over which major Shareholder is able to exercise significant influence
Bipin M. Manek	Key Management Personnel
Mihir B. Manek	Key Management Personnel
Vijay K. Atre	Key Management Personnel
Pravina B. Manek	Key Management Personnel

b) Key management personnel compensation (₹ in Lakhs)

Particulars	31 March 2018	31 March 2017
Short term employee benefits	243.60	193.91
Post employment benefits	-	-
Long term employee benefits	-	-
Termination benefits	-	-
Employee share based payments	-	-

c) Transactions with related parties (₹ in Lakhs)

Particulars	Nature	31 March 2018	31 March 2017
Pravina B. Manek	Bank Guarantee Commission	45.00	45.00
Bipin M. Manek	Bank Guarantee Commission	45.00	45.00

d) Balances with the parties outstanding (₹ in Lakhs)

Particulars	Nature	31 March 2018	31 March 2017
Pravina B. Manek	Security Deposit	5.81	20.00

27 Contingent liabilities (₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017	As on 01 April 2016
Central Sales Tax (FY 2005 - 2006)	8.68	8.68	8.68
Central Sales Tax (FY 2013 - 2014)	3.59	-	-
Maharashtra VAT (FY 2013 - 2014)	0.37	-	-
Maharashtra VAT (FY 2012 - 2013)	2.88	-	-
Central Sales Tax (FY 2006 - 2007)	-	-	0.92
Maharashtra VAT (FY 2009 - 2010)	-	-	1.15
Central Sales Tax (FY 2009 - 2010)	-	-	1.01

28 Earnings per share

Particulars	As on 31 March 2018	As on 31 March 2017
a) Basic earnings per share		
From continuing operations attributable to the equity share holders of the company	3.15	2.93
b) Diluted earnings per share		
From continuing operations attributable to the equity share holders of the company	3.15	2.93

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

c) Reconciliation of earning used in calculation earnings per share

Particulars	As on 31 March 2018	As on 31 March 2017
Basic earnings per share		
Profit from continuing operations attributable to equity share holders of the company:	1,571.20	1,465.43
Diluted earnings per share		
Profit from continuing operations attributable to equity share holders of the company:	1,571.20	1,465.43

(d) Weighted average number of shares used as the denominator **(in Lakhs)**

Particulars	As on 31 March 2018 Number of shares	As on 31 March 2017 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	499.45	499.45
	499.45	**499.45**

29 Segment Reporting

The Company operates in single business segment namely manufacturing and trading of food colors and chemicals. Hence, no separate disclosure as per "Ind AS-108" is required for the business segment.

The Company's operating divisions are managed from India. The principal geographical areas in which the Company operates are Australasia, Amercias, Europe, Africa, Middle East countries.

Geographical Segment	Composition
Domestic	All over India
Exports	Australasia, Amercias, Europe, Africa, Middle East

(₹ in Lakhs)

Particulars	As on 31 March 2018	As on 31 March 2017
a. Revenue by geographical market		
Domestic - India	9,281.46	10,309.40
Exports		
a. USA	1,480.15	915.73
b. Veitnam	1,103.45	879.10
c. Italy	571.51	646.39
d. Others	8,528.12	7,329.62
Total	**20,964.69**	**20,080.24**
b. Carrying amount of segment assets		
Trade Receivable		
Domestic - India	2,582.99	3,519.03
Exports	3,324.24	2,592.80
c. Cost incurred to acquire segment assets	187.92	134.54

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

30 Reconciliations between previous GAAP and Ind AS

Reconciliation of Equity as at date of transition (01st April 2016) **(₹ in Lakhs)**

Particulars	Adjustments			Ind AS
	Previous GAAP*	Reclassification	Accounting Adjustments	
Assets				
1. Non-current assets				
(a) Property, Plant and Equipment	3,095.67	-	-	3,095.67
(b) Capital work-in-progress	-	-	-	-
(c) Investment property	-	-	-	-
(d) Intangible Assets	-	-	-	-
(e) Financial Assets				
(i) Investments	12.56	-	(8.01)	4.55
(ii) Loans	103.50	(103.50)	-	-
(iii) Others	-	-	-	-
(f) Other non-current assets	-	-	31.17	31.17
Total Non Current Assets	**3,211.73**	**(103.50)**	**23.16**	**3,131.39**
2. Current assets				
(a) Inventories	2,807.33	-	-	2,807.33
(b) Financial Assets				
(i) Investments	-	-	-	-
(ii) Trade Receivables	3,910.69	48.09	-	3,958.78
(iii) Cash and cash equivalents	1,023.32	(9.14)	-	1,014.18
(iv) Bank Balances other than (iii) above	-	9.14	-	9.14
(v) Loans	1,098.71	(1,065.73)	-	32.96
(vi) Others	-	113.17	(31.17)	82.00
(c) Current Tax Assets (Net)	-	56.27	-	56.27
(d) Other Current Assets	226.26	984.32	-	1,210.60
(e) Assets classified as held for sale	-	-	-	-
Total Current Assets	**9,066.31**	**136.12**	**(31.17)**	**9,171.26**
Total Assets	**12,278.04**	**32.62**	**(8.01)**	**12,302.65**
Equity and Liabilities				
Equity				
(a) Equity Share Capital	500.20	-	-	500.20
(b) Other Equity	5,011.34	-	115.56	5,126.90
Total Equity	**5,511.54**	**-**	**115.56**	**5,627.10**
Liabilities				
1. Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	486.27	-	-	486.27
(b) Provision	-	-	-	-
(c) Deferred tax liabilities (Net)	199.55	-	(2.78)	196.77
(d) Other non-current liabilities	-	-	-	-
Total Non -current Liabilities	**685.82**	**-**	**(2.78)**	**683.04**
2. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	4,272.11	-	-	4,272.11
(ii) Trade payables - other than MSME	1,336.47	21.71	-	1,358.19
(iii) Trade payables - MSME	-	-	-	-
(iii) Other financial liabilities	-	305.18	-	305.18
(b) Provisions	220.17	(99.37)	(120.79)	-
(c) Current tax liabilities (Net)	-	-	-	-
(d) Other current liabilities	251.93	(194.90)	-	57.03
Total Current Liabilities	**6,080.68**	**32.62**	**(120.79)**	**5,992.51**
Total Equity and Liabilities	**12,278.04**	**32.62**	**(8.01)**	**12,302.65**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Reconciliation of Equity as at date of transition (31st March 2017) **(₹ in Lakhs)**

Particulars	Adjustments			Ind AS
	Previous GAAP*	Reclassification	Accounting Adjustments	
Assets				
1. Non-current assets				
(a) Property, Plant and Equipment	2,998.53	-	-	2,998.53
(b) Capital work-in-progress	-	-	-	-
(c) Investment property	-	-	-	-
(d) Intangible Assets	-	-	-	-
(e) Financial Assets	-	-	-	-
(i) Investments	4.43	-	1.56	5.99
(ii) Loans	123.65	(123.65)	-	-
(iii) Others	-	-	-	-
(f) Other non-current assets	-	-	29.87	29.87
Total Non Current Assets	**3,126.61**	**(123.65)**	**31.43**	**3,034.39**
2. Current assets				
(a) Inventories	4,065.27	-	-	4,065.27
(b) Financial Assets				
(i) Investments	-	-	-	-
(ii) Trade Receivables	6,064.29	47.53	-	6,111.83
(iii) Cash and cash equivalents	528.66	(72.70)	-	455.96
(iv) Bank Balances other than (iii) above	-	72.70	-	72.70
(v) Loans	2,288.22	(2,255.67)	-	32.55
(vi) Others	-	136.10	(29.87)	106.24
(c) Current Tax Assets (Net)	-	-	-	-
(d) Other Current Assets	282.11	2,243.22	-	2,525.30
(e) Assets classified as held for sale	-	-	-	-
Total Current Assets	**13,228.55**	**171.18**	**(29.87)**	**13,369.85**
Total Assets	**16,355.16**	**47.54**	**1.56**	**16,404.24**
Equity and Liabilities				
Equity				
(a) Equity Share Capital	500.20	-	-	500.20
(b) Other Equity	5,985.47	-	124.63	6,110.10
Total Equity	**6,485.67**	**-**	**124.63**	**6,610.30**
Liabilities				
1. Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	300.48	-	-	300.48
(b) Provision	-	-	-	-
(c) Deferred tax liabilities (Net)	275.97	-	(2.28)	273.69
(d) Other non-current liabilities	-	-	-	-
Total Non -current Liabilities	**576.45**	**-**	**(2.28)**	**574.17**
2. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	5,815.78	-	-	5,815.78
(ii) Trade payables - other than MSME	2,702.19	32.00	-	2,734.18
(iii) Trade payables - MSME	-	-	-	-
(iii) Other financial liabilities	-	360.71	-	360.71
(b) Provisions	480.65	(359.86)	(120.79)	-
(c) Current tax liabilities (Net)	-	261.57	-	261.57
(d) Other current liabilities	294.42	(246.88)	-	47.53
Total Current Liabilities	**9,293.04**	**47.54**	**(120.79)**	**9,219.77**
Total Equity and Liabilities	**16,355.16**	**47.54**	**1.56**	**16,404.24**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

30.1 The Reconciliation of net profit reported in accordance with Indian GAAP to total Comprehensive Income in accordance with IND AS for the quarter and year ended March 31, 2017 is given below:

(₹ in Lakhs)

Particulars		For the Year Ended 31 March, 2017
Profit After Tax as reported under Previous GAAP		1,457.29
Impact of Fair value Adjustment of Financial Assets	8.13	
Income Tax relating to these item	-	
		8.13
Profit/(Loss) as per Ind AS (before OCI)		**1,465.42**
Other Comprehensive Income		
Item that will not be reclassified to Profit or Loss		
Changes in fair value of FVOCI equity instruments	1.45	
Income Tax relating to these item	(0.50)	
Other Comprehensive Income for the year (Net of Tax)		**0.95**
Total Other Comprehensive Income for the year		**1,466.37**

30.2 Notes to Financial Statements for the period ended March 31, 2018

Notes to first time adoption

Note I: Fair valuation of investments

Under previous GAAP, long term investments were measured at cost less diminution in the value which is other than temporary. Under Ind AS, these assets are classified as financial assets measured at fair value through profit or loss (FVOCI). On the date of transition to Ind AS, these financial assets have been measured at their fair value which is lower/higher than the cost as per previous GAAP, resulting in an decrease in the carrying amount by ₹ 8,01,450/- lakhs as at 01st April, 2016 and increase by ₹ 1,44,736/- as at 31st March, 2017.

Note II: Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits increased by ₹ 1,29,999/- as at 31st March 2017 (Decreased by ₹ 31,16,860/- as at 01st April 2016). The prepaid rent decreased by ₹ 1,29,999/- as at 31st March 2017 (Increased by 1st April 2016 - ₹ 31,16,860/-).

Note III: Dividend (including Dividend Distribution Tax)

Under previous GAAP, proposed dividends including Dividend Distribution Tax (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the company, the declaration of dividend occurs after period end. Therefore, the short term provision of ₹ 1,20,79,182/- (including DDT) for the year ended on 31st March, 2016 recorded for dividend has been derecognised against retained earnings on 01st April, 2016.

Note IV: Deferred Tax

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Reserves, on the date of transition, with consequential impact to the Statement of Profit and Loss for the subsequent periods.

Note V: Other Comprehensive income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in other comprehensive income.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JMR & Associates
Chartered Accountants
Firm Registration No. 106912W

CA. Nikesh Jain
Partner
Membership No: 114003

Mumbai, May 23, 2018

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited
(Formerly known as "Vidhi Dyestuffs Manufacturing Limited")

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Kalika V. Dabholkar
Company Secretary

Mumbai, May 23, 2018

Notes

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VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

(Formerly known as Vidhi Dyestuffs Manufacturing Limited)

Regd. Off: E-27, Commerce Centre, 78, Tardeo Road, Mumbai - 400 034
Tel. No.: 022-6140 6666 **Fax No.** 022-2352 1980 **E-mail:** vdml@vsnl.com
Website: www.vidhifoodcolour.com

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Twenty-Fifth Annual General Meeting - Friday, September 28, 2018

Name of the Member(s):
Registered Address:
Email:
Folio No. / Client ID:
DP ID:

I/We, being the Member (s) of ……..…… shares of the above named Company, hereby appoint

1. Name:…….....…….....EmailId:……
   Address: ……
   ……..
   Signature:…….....……, or failing him/her

2. Name:…….....…….....EmailId:……
   Address: ……
   ……..
   Signature:…….....……, or failing him/her
3. Name:…….....…….....EmailId:……
   Address: ……
   ……..
   Signature:…….....……,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Members of the Company to be held on Friday, September 28, 2018 at 3.30 p.m. at The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400 034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Resolution	Voting (Optional)*		
	Ordinary Business	**For**	**Against**	**Abstain**
1.	Adoption of the Audited Financial Statement of the Company for the Financial Year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date and notes related thereto together with the Board's Report and the Report of Auditors' thereon			
2.	Confirmation of the 1st Interim Dividend, 2nd Interim Dividend and 3rd Interim Dividend declared during the financial year 2017-18			
3.	Declaration of Final Dividend on equity shares for the financial year 2017-18			
4.	Appointment of a Director in place of Mr. Mihir B. Manek (DIN: 00650613), who retires by rotation and, being eligible, offers himself for re-appointment			
5.	Ratification of appointment of the Statutory Auditors of the Company and fixing their remuneration			
	Special Business			
6	Approval for the aggregate annual remuneration payable to the Promoter - Executive Directors/Members of the Promoter Group exceeding 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013			
7	Approval for the aggregate annual remuneration payable to Mr. Vijay K. Atre (DIN: 00416853) as the Non-Executive Director of the Company, which exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors			
8	Approval for the continuation of holding the office of a Non-Executive Director by Mr. Vijay K. Atre (DIN: 00416853)			
9	Approval for the continuation of holding the office of Independent Non-Executive Director by Mr. Prafulchandra Shah (DIN: 00417022)			

Signed this _____day of_____ 2018

Affix revenue stamp

_____

Signature of shareholder

_____ Signature of Proxy holder(s)

_____ Signature of Proxy holder(s)

_____ Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.

   *It is optional to put (√) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' or 'Abstain' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of Twenty-Fifth Annual General Meeting.
4. The Company reserves its right to ask for identification of the Proxy.
5. The proxy form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/ Depository Participant.

A Truly Global Foot Print

95.20% of all colours manufactured by Vidhi are exported globally.

Australia	Argentina	Cyprus	Egypt	Hongkong
Bangladesh	Bolivia	Czech Republic	Georgia	Iran
China	Brazil	France	Kenya	Korea
Indonesia	Canada	Germany	South Africa	Singapore
Malaysia	Chile	Hungary	Tanzania	Syria
Pakistan	Colombia	Italy		UAE
Philippines	El Salvador	Malta		
Sri Lanka	Guatemala	Morocco		
Thailand	Mexico	Republic of Poland		
Vietnam	Trinidad	Russian Federation		
	USA	Spain		
	Venezuela	The Nethelands		
		Turkey		
		Ukraine		
		UK		

COLOURS You Can Trust For Your Food

Vidhi Specialty Food Ingredients Limited
(Formerly known as Vidhi Dyestuffs Manufacturing Limited)
Office : E/27/28/29, Commerce Centre, 78, Tardeo Road, Mumbai – 400034, India
Tel : + 91 22 6140 6666 (100 Lines) Fax : + 91 22 2352 1980
Factory : 59/B & 68, M.I.D.C. Dhatav, Roha Dist : Raigad, Maharashtra – 402116, India
E-mail : vdml@vsnl.com Web : www.vidhifoodcolour.com

VIDHI

Printed by : www.westernpress.in

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E-mail : vdml@vsnl.com
Web : www.vidhifoodcolour.com
CIN : L24110MH1994PLC076166

Statement on Impact of Audit Qualifications

(For audit report with modified opinion for Financial Statement)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	2,17,40,99,309	2,17,40,99,309
	2.	Total Expenditure	1,92,94,50,495	1,92,94,50,495
	3.	Net Profit/(Loss)	15,71,31,942	15,71,31,942
	4.	Earnings Per Share	3.15	3.15
	5.	Total Assets	1,55,23,38,878	1,55,23,38,878
	6.	Total Liabilities	78,24,93,498	78,24,93,498
	7.	Net Worth	76,98,45,380	76,98,45,380
	8.	Any other financial item(s) (as felt appropriate by the management)	--------	---------

II.	Audit Qualification (each audit qualification separately):	
	A. Details of Audit Qualification for Financial Statement:	As more fully explained in Notes to the Financial Statements, no provisions are made for gratuity by the Company which constitutes a departure from the Indian Accounting Standard – 19 "Employee Benefits." We are unable to obtain sufficient appropriate audit evidence, consequently the impact thereof on the Profit for the year and liability as at the year end is not ascertainable.
	B. Type of Audit Qualification :	Qualified Opinion.
	C. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive.
	D. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable.
	E. For Audit Qualification(s) where the impact is not quantified by the auditor:	The Management of the Company is in process to obtain actuarial valuation report to adopt Ind AS-19.
	1. Management's estimation on the impact of audit qualification:	It is unascertainable.
	2. If management is unable to estimate the impact, reasons for the same:	As Actuarial Report is not available, estimate of impact is not possible.
	3. Auditors' Comments on (i) or (ii) above:	The Management of the Company is in process to obtain actuarial valuation report to adopt Ind AS-19.

Vidhi Specialty Food Ingredients Limited.
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E-mail : vdml@vsnl.com
Web : www.vidhifoodcolour.com
CIN : L24110MH1994PLC076156

III.	**Signatories:**	
	Mr. Bipin Manek (Chairman & Managing Director)	
	Mr. Mitesh Manek (Chief Financial Officer)	
	CA Nikesh Jain Partner JMR & Associates Chartered Accountants (Statutory Auditors)	JMR & ASSOCIATES Nikesh Jain M. No. 114003 Mumbai Chartered Accountants
	Mr. Niren Desai Independent Director (Chairman of Audit Committee Meeting)	

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED (Formerly Known as Vidhi Dyestuffs Mfg. Ltd.) Mumbai

Date :- 23rd May, 2018

Place :- Mumbai