



Date: August 30, 2019

To,

The Manager, Department of Corporate Services (DCS-Listing) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 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
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Dear Sir(s),

Ref.: Company Code: BSE - 531717, NSE Symbol: VIDHIING

Sub: Annual Report for the financial year 2018-19

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 ('Listing Regulations'), please find enclosed herewith the Annual Report for the financial year 2018- 2019 containing *inter-alia* the Notice convening the 26th Annual General Meeting (AGM) to be held on **Monday, September 23, 2019**, 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 2018-2019.

The soft copy of the Annual Report is also available on the website of the Company at www.vidhifoodcolour.com.

Kindly place the same on your record.

Thanking you,

For Vidhi Specialty Food Ingredients Limited,

**Sherry Jain
Company Secretary**



Place: Mumbai

Encl.: As above.

Vidhi Specialty Food Ingredients Ltd.

RegdOff.:

Factory:

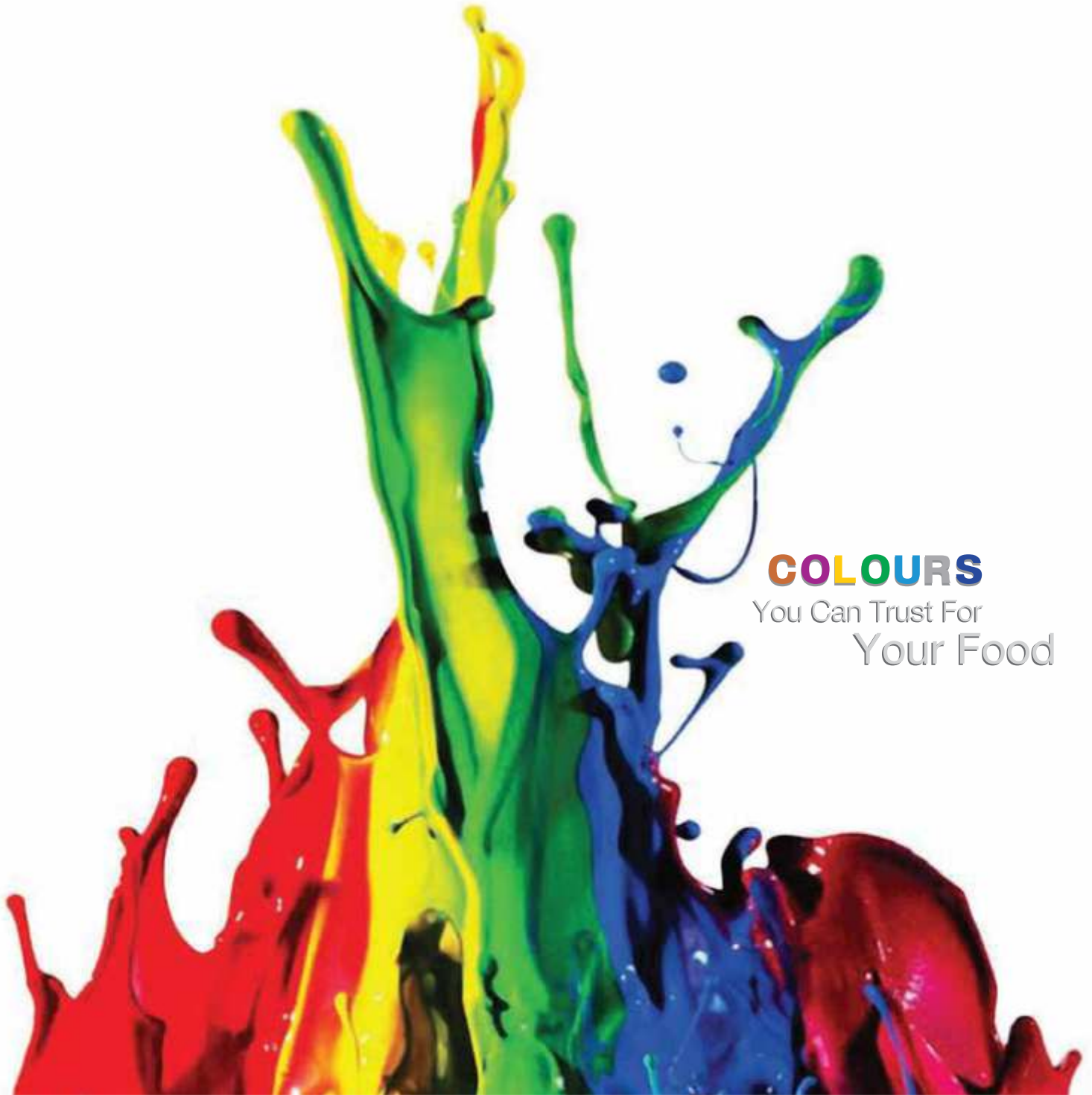
E/27, Commerce Centre, 78, Tardeo Road,
Mumbai 400034, India Tel : + 91 22 6140 6666 (100 Lines)

Fax : + 91 22 2352 1980, E-mail : mitesh.manek@vidhifoodcolour.com ,Web. : www.vidhifoodcolour.com

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

26th

ANNUAL REPORT 2018-2019



COLOURS

You Can Trust For
Your Food

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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. Nirenbbhai D. Desai (DIN: 01978382)
Independent Director

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

Mr. Ashit K. Doshi (DIN: 08486679)
Additional Independent Director (appointed w.e.f. 20.06.2019)

Mr. Anil Kumar Dhar (DIN: 01524239)
Independent Director (resigned w.e.f. 22.03.19)

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

CHIEF FINANCIAL OFFICER

Mr. Mitesh D. Manek

COMPANY SECRETARY

Ms. Sherry A. Jain
Compliance Officer
(appointed w.e.f. 12.02.2019)

Ms. Kalika V. Dabholkar
Compliance Officer
(resigned w.e.f. 13.11.18)

STATUTORY AUDITORS

M/s. JMR & Associates
Chartered Accountants

SECRETARIAL AUDITORS

M/s. Hemanshu Kapadia & Associates
Practicing Company Secretaries

INTERNAL AUDITORS

M/s. Rohit Gondhiya & Associates
Chartered Accountants

BANKERS

HDFC Bank
Vijaya Bank
HSBC Bank

REGISTRAR & SHARE TRANSFER AGENTS (R & TA):

Sharex Dynamic (India) Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083.
Tel: 022- 28515644/5606

REGISTERED OFFICE:

Vidhi Specialty Food Ingredients Limited
CIN: L24110MH1994PLC076156
E/27, Commerce Centre,
78, Tardeo Road, Mumbai - 400034
Tel: +91 22 6140 6666
Fax: +91 22 2352 1980
E-mail: mitesh.manek@vidhifoodcolour.com
Website: www.vidhifoodcolour.com

CORPORATE OFFICE:

E/28 & 29, Commerce Centre,
78, Tardeo Road, Mumbai - 400034

LOCATIONS OF PLANTS:

Factory I:
Plot No. 59/B, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra - 402116

Factory II:
Plot No. 68, M.I.D.C Dhatav - Roha,
Dist. Raigad, Maharashtra - 402116



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.

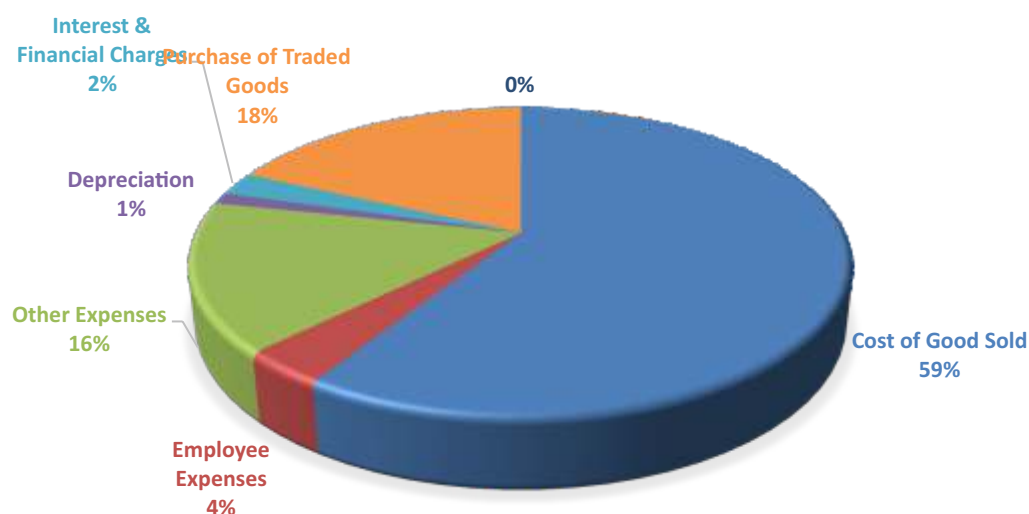


Financial Highlights & Performance

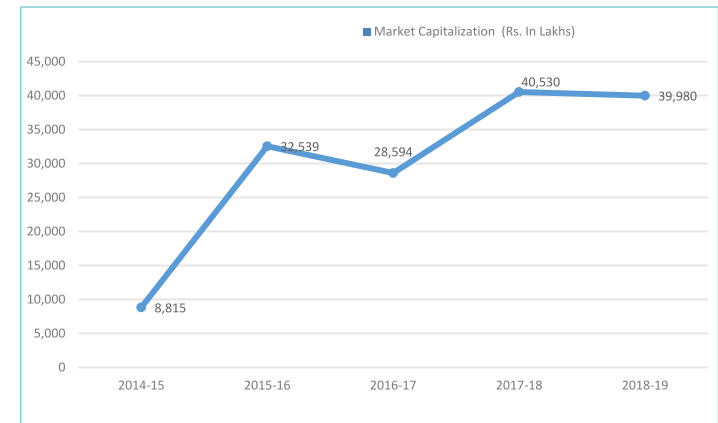
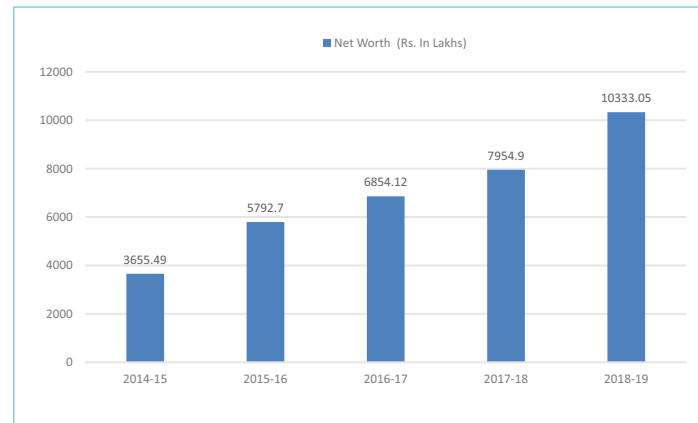
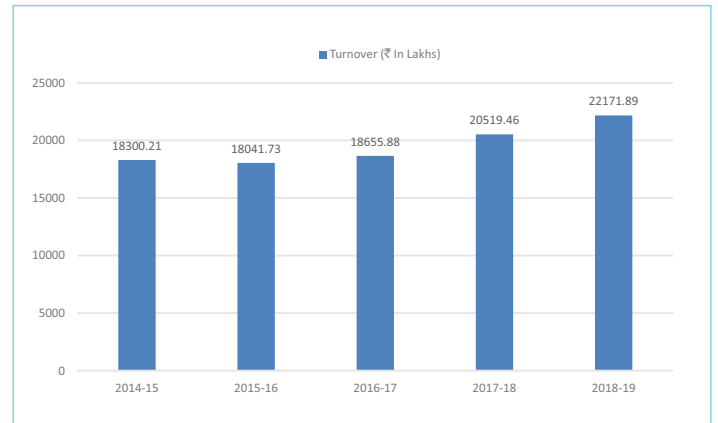
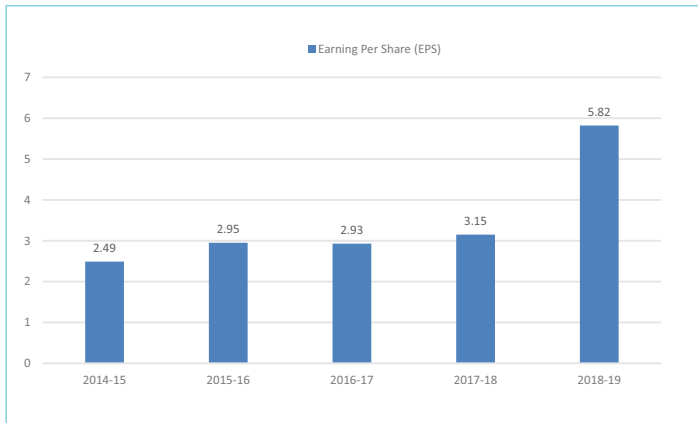
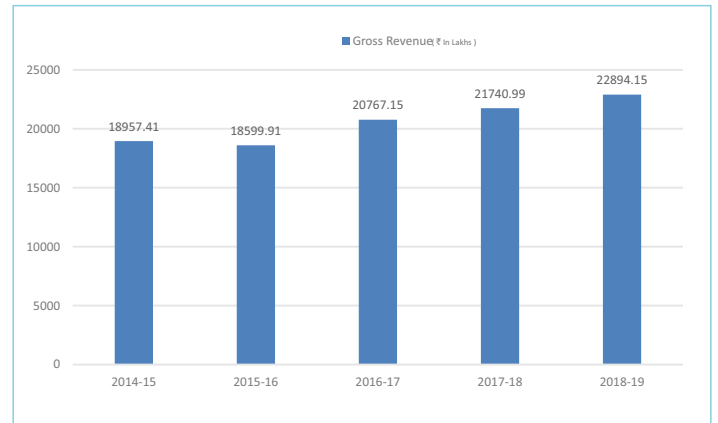
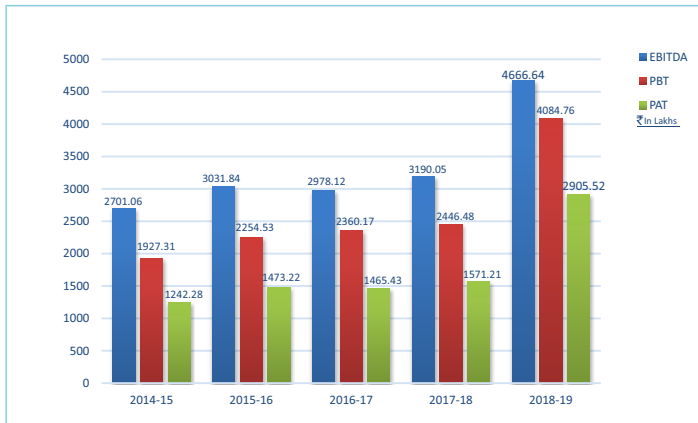
Key Figures

	(₹ in Lakhs)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Results of Operations					
Total Revenue	18,957.41	18,593.49	20,767.15	21,740.99	22,894.15
Earnings before interest, Taxes, Depreciation & Amortisation (EBITDA) & Exceptional Items	2,701.06	3,031.24	2,978.12	3,190.05	4,666.64
Profit/(loss) before Tax	1,927.31	2,254.53	2,360.17	2,446.48	4,084.76
Net Profit/ (Loss)	1,242.28	1,473.22	1,465.43	1,571.21	2,905.52
Financial Position					
Equity Share Capital	500.20	500.20	500.20	500.20	500.20
Reserves and Surplus	4,021.82	5,011.34	6,110.10	7,198.25	9,599.80
Net Worth	4,522.02	5,511.54	6,610.30	7,698.45	10,100.00
Earnings per Share (in ₹)	2.49	2.95	2.93	3.15	5.82

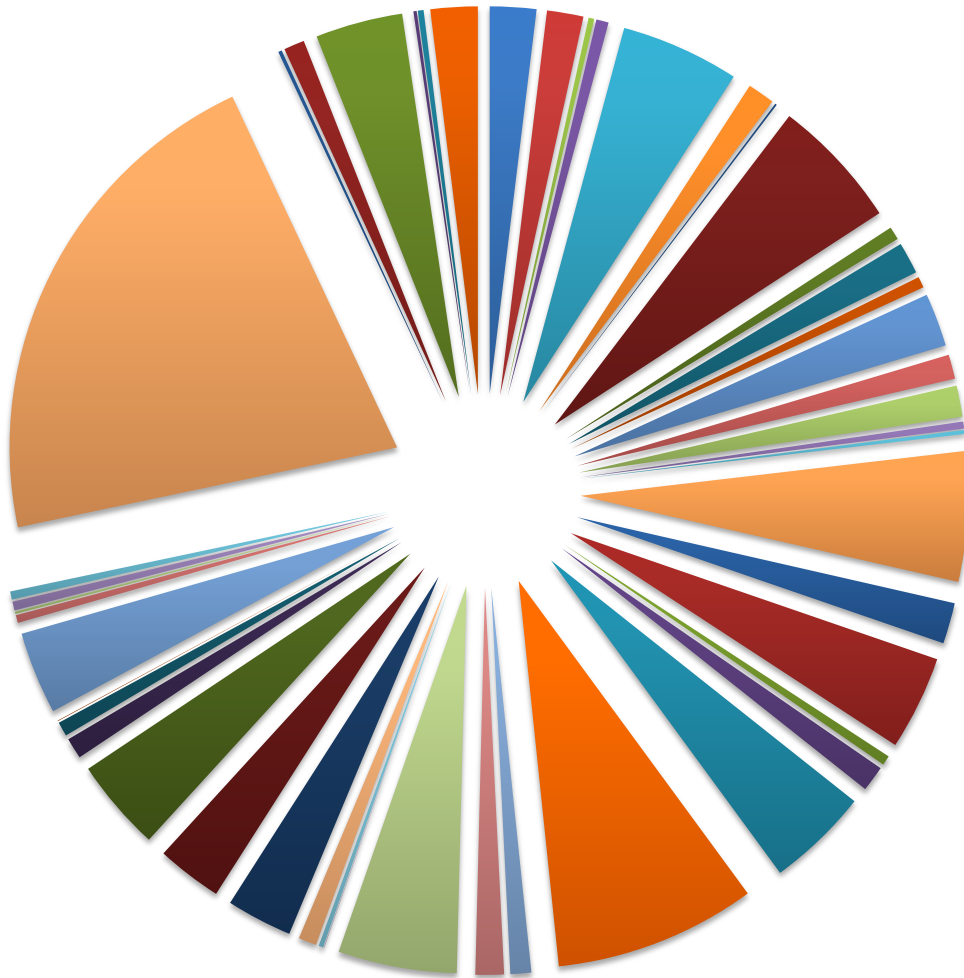
DISTRIBUTION OF REVENUE



Performance Indicators



Country wise Break Up In Sales



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

Message from the Chairman and Managing Director

Dear Shareholders,

I am privileged to inform that FY 2018-19 was a good year for 'Vidhi' in terms of performance in our core business of manufacturing synthetic colours. We have also completed the acquisition of Arjun Food Colorants Private Limited which will be value accretive to us.

I am delighted to share with you all that the Company has earned net profit after tax of ₹ 2905.52 lakhs in FY 2018-19 which is the highest ever net profit in the history of the Company and it is expected to grow every year.

In F.Y. 2018-19, the Company's performance with regard to the export manufacturing sales volumes, improved to 76% of total sales from 56% of total sales in previous year. Domestic manufacturing sales grew by 3%. Further, the EBITDA of the company increased considerably by 47%. Considering the improved operational and financial performance, your Company has declared three Interim Dividend each of Rs. 0.20/- per equity share of ₹ 1/- each (totaling to ₹ 0.60/- per share) during the financial year 2018-19 and also recommended a dividend payment of ₹. 0.20/- per equity share of ₹ 1/- each (i.e. 20%) for the financial year 2018-19.

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 and enhanced over the previous year.

Success of any business can be possible if its employees and peoples who put in persistent efforts to rise to their excellence level are taken together. I would like to iterate that your Company's employees are its valuable assets and it is entirely due to their hard works, firmness, commitment and dedication that your Company has been able to deliver sustainable growth and value creation.

While we march ahead towards our business goals, we also make conscious efforts towards making active contributions to society and environment. We have invested in adequate pollution control equipment's as we believe in sustainable environment. Our regular contributions and initiatives towards uplifting several people in various aspects are our humble endeavor to make our world a better place.

I would like to assure you that your Company will strive to capitalize by remaining focused on operational excellence and to remain committed to deliver strong growth and enhance shareholders and other stakeholders' values in every possible ways.

We expect to keep performing and delivering sustainable growth going forward with focus on profitability. I am thankful to the Board of Directors, for their continued support and guidance towards taking the Company ahead. We also need to credit our success to our employees, financial institutions, vendors, customers & shareholders.

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 33 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 18 years of vast 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 13 years



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 24 years

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 16 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 5 years
- Formerly associated with Water's India Limited as a Senior Marketing Manager
- 14 years of experience as a manger of Biotage India Private Limited



Mr. Ashit Doshi

Additional Director Non-Executive & Independent

- A remisier in equity market since last 20 years
- Associated with Mansi Shares and Stock Advisors Private Limited as a remisier past 10 years
- Formerly associated with Setu Securities as a remisier for 10 years
- A SYBcom graduate

NOTICE OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING

To,
The Members

Vidhi Specialty Food Ingredients Limited,

Notice is hereby given that the **Twenty-Sixth Annual General Meeting** of the Members of **Vidhi Specialty Food Ingredients Limited** will be held on Monday, September 23, 2019 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, 2019 including the Audited Balance Sheet as at March 31, 2019, 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 2018-19.
3. To declare Final Dividend on Equity Shares for the financial year 2018-19.
4. To appoint a Director in place of Mrs. Pravina Bipin Manek (DIN: 00416533), 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 herself for re-appointment.

SPECIAL BUSINESS:

5. **To appoint Mr. Ashit Kantilal Doshi (DIN: 08486679) as a Non-Executive, Independent Director.**

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

"RESOLVED THAT pursuant to provisions of Sections 150, 152, 160, 161 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Mr. Ashit Kantilal Doshi (DIN: 08486679), who was appointed by the Board of Directors, as an Additional Independent Director of the Company w.e.f. June 20, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing under section 160 of the Act, from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable Rules made under the Act read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (hereinafter referred to as 'the Listing Regulations'), Mr. Ashit Kantilal Doshi (DIN: 08486679), who meets the criteria for independence as provided in Section 149 of the Act and the Listing Regulations and who has submitted a declaration to that effect and who is eligible for appointment as an Independent Director of the Company, be and is hereby appointed as the Independent Non-Executive Director not liable to retire by rotation, for a term of 5 (five) consecutive years commencing from June 20, 2019 to June 19, 2024, as set out in the Statement pursuant to Section 102 of the Act annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6. **To re-appoint Mr. Prafulchandra Anantlal Shah (DIN: 00417022) as an Independent Director for a second term of 5 (five) consecutive years.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Prafulchandra Anantlal Shah (DIN: 00417022),

who was appointed as an Independent Director and who holds office of Independent Director up to September 26, 2019 and in respect of whom the Company has received a notice in writing under section 160 of the Act from a Member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. September 27, 2019 to September 26, 2024.

RESOLVED FURTHER THAT pursuant to the Regulation 17(1A) of the Listing Regulations and other applicable Regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for holding the office of Independent Non-Executive Director of the Company by Mr. Prafulchandra Anantlal Shah (DIN: 00417022), who has already attained the age of seventy-five years, for his second term of 5 (five) consecutive years as an Independent Non-Executive Director commencing from September 27, 2019 till September 26, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

7. **To re-appoint Mr. Niren Dinkerrai Desai (DIN: 01978382) as an Independent Director for a second term of 5 (five) consecutive years.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the Listing Regulations’) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Niren Dinkerrai Desai (DIN: 01978382), who was appointed as an Independent Director and who holds office of Independent Director up to September 26, 2019 and in respect of whom the Company has received a notice in writing under section 160 of the Act from a Member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. September 27, 2019 to September 26, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

8. **To re-appoint Mr. Rahul Chakradhar Berde (DIN: 06981981) as an Independent Director for a second term of 5 (five) consecutive years.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the Listing Regulations’) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Rahul Chakradhar Berde (DIN: 06981981), who was appointed as an Independent Director and who holds office of Independent Director up to September 29, 2019 and in respect of whom the Company has received a notice in writing under section 160 of the Act from a Member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. September 30, 2019 to September 29, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

9. **To approve the payment of remuneration to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as Non-Executive Director of the Company which may 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 provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the Listing Regulations’) (including any statutory modifications, variation or re-enactment thereof for the time being in force) and subject to the provisions of the Articles of Association of the Company, the approval of the Members be and is hereby accorded for payment of remuneration by way of commission to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853), Non-Executive Director of the Company, not exceeding 1% of the net profits of the Company for each financial year, calculated in the manner laid down in Section 198 of the Companies Act, 2013, but not exceeding ₹ 6,00,000/- (Rupees Six Lakhs Only) per annum (payable monthly), for a period of 5 (five) financial years w.e.f. the financial year 2019-20.

RESOLVED FURTHER THAT pursuant to the Regulation 17(6)(ca) and other applicable provisions of the which has been inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from April 1, 2019 and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force), approval of the Members be and is hereby accorded for paying remuneration to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) on the terms and conditions, as mentioned in the explanatory statement, for the financial year 2019-20 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.”

10. **To consider revision in terms of remuneration of Mr. Bipin Madhavji Manek (DIN: 00416441), Managing Director of the Company.**

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

“RESOLVED THAT in partial modification of the resolutions passed earlier in the Board and General Meeting for the re-appointment and/or payment of remuneration of Mr. Bipin Madhavji Manek (DIN: 00416441) as the Managing Director of the Company and pursuant to the provisions of Sections 196, 197, 198 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the ‘Act’) and the Rules made there under (including any statutory modifications, variation or re-enactment thereof for the time being in force), Articles of Association of the Company and subject to the approval of Central Government or any other Government authority/agency/board, if and to the extent applicable and required and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which shall include duly authorized Nomination and Remuneration Committee thereof for the time being in force exercising the powers conferred upon it by the Board) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, the approval of the Members be and is hereby granted to the revision in the remuneration payable to Mr. Bipin Madhavji Manek (DIN: 00416441), as detailed in the explanatory statement forming part of this notice and Supplementary Agreement as placed before the meeting, w.e.f. April 1, 2019 for his remaining tenure as Managing Director of the Company i.e. till October 31, 2022.

RESOLVED FURTHER THAT except above, the original terms and conditions of re-appointment, as amended, of Mr. Bipin Madhavji Manek (DIN: 00416441) as Managing Director of the Company will remain unchanged.

RESOLVED FURTHER THAT the Board be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

11. **To consider revision in terms of remuneration of Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director of the Company.**

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

“RESOLVED THAT in partial modification of the resolutions passed earlier in the Board and General Meeting for the re-appointment and/or payment of remuneration of Mr. Mihir Bipin Manek (DIN: 00650613) as the Joint Managing Director

of the Company and pursuant to the provisions of Sections 196, 197, 198 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') and the Rules made there under (including any statutory modifications, variation or re-enactment thereof for the time being in force), Articles of Association of the Company and subject to the approval of Central Government or any other Government authority/agency/board, if and to the extent applicable and required and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which shall include duly authorized Nomination and Remuneration Committee thereof for the time being in force exercising the powers conferred upon it by the Board) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, the approval of the Members be and is hereby granted to the revision in the remuneration payable to Mr. Mihir Bipin Manek (DIN: 00650613), as detailed in the explanatory statement forming part of this notice and Second Supplementary Agreement as placed before the meeting, w.e.f. April 1, 2019 for his remaining tenure as Joint Managing Director of the Company i.e. till July 14, 2020.

RESOLVED FURTHER THAT except above, the original terms and conditions of re-appointment, as amended, of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director of the Company will remain unchanged.

RESOLVED FURTHER THAT the Board be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

12. **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), 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 are 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**,

Sd/-

Date: August 14, 2019

Place: Mumbai

Bipin Madhavji 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 C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Tel: 022 - 2851 5644/5606 Fax: 022 - 28512885.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 17, 2019 to Monday, September 23, 2019, 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 2018-19, if declared at the AGM.
5. The Dividend, if declared at the AGM, would be paid/dispatched on/after Tuesday, September 24, 2019 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 Monday, September 16, 2019 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 Monday, September 16, 2019, after giving effect to valid transmission or transposition request 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/permisible 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/permisible electronic modes of payment. Any query related to dividend should be directed to R & TA.

6. 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: http://www.vidhifoodcolour.com/investor_relation.php?m=52 and also on the website of the Ministry of Corporate Affairs.

7. 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 (1 st Interim Dividend)	November 12, 2012	December 16, 2019*
2013-14 (1 st Interim Dividend)	November 12, 2013	December 16, 2020
2013-14 (2 nd Interim Dividend)	February 12, 2014	March 18, 2021
2014-15 (1 st Interim Dividend)	November 14, 2014	December 18, 2021
2015-16 (1 st Interim Dividend)	August 12, 2015	September 15, 2022
2015-16 (Final Dividend for FY 2014-15)	September 16, 2015	October 20, 2022
2015-16 (2 nd Interim Dividend)	November 14, 2015	December 18, 2022
2015-16 (3 rd Interim Dividend)	February 9, 2016	March 14, 2023
2016-17 (1 st Interim Dividend)	August 12, 2016	September 15, 2023
2016-17 (Final Dividend for FY 2015-16)	September 24, 2016	October 28, 2023
2016-17 (2 nd Interim Dividend)	November 14, 2016	December 18, 2023
2016-17 (3 rd Interim Dividend)	February 11, 2017	March 17, 2024
2016-17 (Final Dividend for FY 2016-17)	September 25, 2017	October 29, 2024
2017-18 (1 st Interim Dividend)	September 25, 2017	October 29, 2024
2017-18 (2 nd Interim Dividend)	November 24, 2017	December 28, 2024
2017-18 (3 rd Interim Dividend)	February 14, 2018	March 20, 2025
2017-18 (Final Dividend for FY 2017-18)	September 28, 2018	November 1, 2025
2018-19 (1 st Interim Dividend)	August 10, 2018	September 13, 2025
2018-19 (2 nd Interim Dividend)	November 5, 2018	December 9, 2025
2018-19 (3 rd Interim Dividend)	February 12, 2019	March 16, 2026

* Unclaimed/unpaid amount due to be transferred to IEPF during the current financial year.

8. 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. During the current financial year, 1st Interim Dividend for the financial year 2012-13 declared in the Board Meeting dated November 12, 2012 is due to be transferred in IEPF as seven years will be completed from the date of transfer of amount to Unpaid Dividend Account. 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>. Further, as per the IEPF Rules the Members/ Claimants can file only one consolidated claim in a financial year from a Company.
9. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment or approval for payment of remuneration at this AGM 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. All the Directors proposed to be appointed/re-appointed have furnished the relevant consent for their appointment/re-appointment.
10. 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 the R & TA.

11. 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
12. In case a person has become a Member of the Company after the dispatch of Annual Report but on or before the cut-off date i.e. Monday, September 16, 2019, he/she/it may write to R & TA viz, Sharex Dynamic (India) Private Limited, at the address mentioned above or on their e-mail id: support@sharexindia.com requesting for the User ID and Password. However, if he/she/it is already registered with CDSL for remote e-voting then he/she/it can use his/her/its existing User ID and password for casting the vote.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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 documents to their respective Depository Participant.

21. As per Regulation 40 of Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.
22. **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 Monday, September 16, 2019. Accordingly, the Members, whose names appear in the Register of Members/list of Beneficial Owners as on Monday, September 16, 2019 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 Monday, September 16, 2019. Members are eligible to cast vote only if they are holding shares on Monday, September 16, 2019.
 - c) **The remote e-voting period will commence at 9:00 a.m. (IST) on Friday, September 20, 2019 and will end at 5:00 p.m. (IST) on Sunday, September 22, 2019.** 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 Friday, September 20, 2019 at 9:00 a.m. (IST) and ends on Sunday, September 22, 2019 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. Monday, September 16, 2019 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) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated 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. <ul style="list-style-type: none"> 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 **Vidhi Specialty Food Ingredients Limited** for 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. 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.

23. **Voting at AGM:** The Members, who have not casted 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 casted 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.
24. Mr. Hemanshu Kapadia (FCS: 3477 and CP: 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, failing him, Mr. Vipin Mehta (FCS: 8587 and CP: 9869), Partner of M/s. VPP & Associates, Practicing Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
25. The Scrutinizers shall immediately, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least 2 (two) 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.
26. 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.
27. Map of the venue of the AGM is given after the notice and forms part of the notice.
28. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Twenty-Sixth AGM i.e. Monday, September 23, 2019.

**By Order of the Board of Directors
For Vidhi Specialty Food Ingredients Limited,**

Sd/-

Bipin Madhavji Manek

Chairman & Managing Director

(DIN: 00416441)

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

Date: August 14, 2019

Place: Mumbai

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-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY

Item No. 5:

The Board of Directors by passing a circular resolution on June 20, 2019 had appointed Mr. Ashit Kantilal Doshi (DIN: 08486679) as an Additional Director of the Company and also as Independent Director, not liable to retire by rotation, for a term of 5 (five) years w.e.f. June 20, 2019 to June 19, 2024, subject to approval of the Members.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("Act") and the Articles of Association of the Company, he holds office up to the date of this Annual General Meeting ("AGM") and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing candidature of Mr. Ashit Kantilal Doshi (DIN: 08486679) for the office of Director.

The Company has received declaration from Mr. Ashit Kantilal Doshi (DIN: 08486679) to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In terms of Regulation 25(8) of Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. In the opinion of the Board, he fulfills the conditions specified in the Act, Rules and Listing Regulations for appointment as an Independent Director and he is independent of the Management of the Company.

The Company has received following documents from Mr. Ashit Kantilal Doshi (DIN: 08486679):

- (i) Letter of consent to act as a Director in the prescribed Form DIR-2 pursuant to Section 152 of the Act and Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- (ii) Letter of intimation in the prescribed Form DIR-8 pursuant to Section 164 of the Act and Rule 14 of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified to become a Director under the Act;
- (iii) Declaration that he meets the criteria of independence as provided under section 149 of the Act.

The Nomination and Remuneration Committee has recommended appointment of Mr. Ashit Kantilal Doshi (DIN: 08486679) as an Independent Director for a term of 5 (five) consecutive years commencing from June 20, 2019 till June 19, 2024. In the opinion of the Board of Directors, Mr. Ashit Kantilal Doshi (DIN: 08486679) fulfill the conditions specified in the Act, Rules made thereunder and Listing Regulations, as amended, for his appointment as an Independent Director of the Company and that he is independent of the Management and is not disqualified to become Director under the Act. The Board believes that his association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director. Accordingly, the Board of Directors recommends his appointment as an Independent Director of the Company, not liable to retire by rotation.

The brief profile of Mr. Ashit Kantilal Doshi (DIN: 08486679), nature of his expertise, names of Companies in which he holds Directorships, shareholding in the Company, etc. pursuant to the provisions of Listing Regulations and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India is given in the Appendix-2 to the Notice convening this AGM.

The terms & conditions of his re-appointment, consent to act as Directors, declaration by proposed appointee and notice received u/s 160 of the Companies Act, 2013, shall be open for inspection by the Members at the Registered as well as Corporate Office of the Company during business hours on any working day of the Company up to the date of the ensuing AGM and will also be kept open at the venue of the AGM till the conclusion of the AGM.

The Board recommends the Ordinary Resolution at Item No. 5 for approval by the Members.

Mr. Ashit Kantilal Doshi (DIN: 08486679) and his relatives are concerned or interested in the Resolution mentioned at Item No. 5 relating to his own appointment. None of the other Directors and Key Managerial Personnel of the Company and their respective relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 5 of the Notice.

Item Nos. 6, 7 and 8:

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("Act"), Members of the Company at the 21st Annual General Meeting ("AGM") held on September 27, 2014 approved the appointment of Mr. Prafulchandra Anantlal Shah (DIN: 00417022) and Mr. Niren Dinkerrai Desai (DIN: 01978382) as Non-Executive Independent Directors of the Company for a continuous period of 5 (five) years w.e.f. September 27, 2014 i.e. till September 26, 2019. Further, Members of the Company

at the 22nd Annual General Meeting held on September 16, 2015 approved the appointment of Mr. Rahul Chakradhar Berde (DIN: 06981981) as Non-Executive Independent Director of the Company for a continuous period of 5 (five) years w.e.f. September 30, 2014 i.e. till September 29, 2019.

Section 149 of the Act provides that an Independent Director shall hold office for a term of 5 (five) consecutive years and shall be eligible for re-appointment, on passing a Special Resolution by the Members of the Company, for a second term of another 5 (five) consecutive years i.e. holding office up to two consecutive terms, whose term of office shall not be liable to retire by rotation.

Further, in terms of Regulation 17(1A) of the Listing Regulations, 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. Since, Mr. Prafulchandra Anantlal Shah (DIN: 00417022) has already attained the age of seventy five years, to re-appoint him as an Independent Non-Executive Director for his second term of 5 (five) consecutive years commencing from September 27, 2019 till September 26, 2024, approval of the Members is required by passing Special Resolution.

The Board of Directors, based on the performance evaluation on various parameters of Independent Directors and recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act, considered that given the background and contributions made by Mr. Prafulchandra Anantlal Shah (DIN: 00417022), Mr. Niren Dinkerrai Desai (DIN: 01978382) and Mr. Rahul Chakradhar Berde (DIN: 06981981) during their tenure, their continued association would be beneficial to the Company and hence it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board of Directors recommends the proposal to re-appoint them as Independent Directors of the Company, not liable to retire by rotation, for a term as mentioned in the respective Special Resolutions.

In the opinion of the Board, the above referred Independent Directors fulfill the conditions specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Act along with the Rules made thereunder and Schedule IV of the Act for their re-appointment as Independent Directors of the Company and they are independent of the Management. All the above named Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from a Member pursuant to provision of Section 160 of the Act proposing candidature of Mr. Prafulchandra Anantlal Shah (DIN: 00417022), Mr. Niren Dinkerrai Desai (DIN: 01978382) and Mr. Rahul Chakradhar Berde (DIN: 06981981) for the office of Independent Directors of the Company.

The Company has also received intimation from the above referred Independent Directors that they meet with the criteria of independence as prescribed under section 149(6) of the Act and Listing Regulations.

The brief profile of Mr. Prafulchandra Anantlal Shah (DIN: 00417022), Mr. Niren Dinkerrai Desai (DIN: 01978382) and Mr. Rahul Chakradhar Berde (DIN: 06981981) is given in the Appendix-2 to the Notice pursuant to the provisions of Listing Regulations and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The terms & conditions of their re-appointment, consent to act as Directors, declaration by proposed appointees and notices received u/s 160 of the Act, shall be open for inspection by the Members at the Registered as well as Corporate Office of the Company during business hours on any working day of the Company up to the date of the ensuing AGM.

Mr. Prafulchandra Anantlal Shah (DIN: 00417022), Mr. Niren Dinkerrai Desai (DIN: 01978382) and Mr. Rahul Chakradhar Berde (DIN: 06981981) are concerned and interested in the resolutions set out respectively at Item Nos. 6, 7 and 8 of the Notice with regard to their respective re-appointments. None of the other Directors or Key Managerial Personnel of the Company or their respective relatives, except mentioned above, are in any way concerned or interested, financially or otherwise, in the Resolutions set out at Item Nos. 6, 7 and 8.

The Board recommends the Special Resolutions at Item Nos. 6, 7 and 8 for approval by the Members.

Item No. 9:

Mr. Vijay Krishnaswamirao 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. Under his guidance and technical knowledge, the Company has been immensely benefited.

The Members in the 21st Annual General Meeting held on September 27, 2014 has approved payment of remuneration of ₹ 3,00,000/- (Rupees Three Lakhs Only) per annum (₹ 25,000/- per month) but not exceeding 1% of the net profits of the

Company for each financial year, as computed in manner laid down in Section 198 of the Companies Act, 2013 ("Act") for a period of 5 (five) financial years w.e.f. financial year 2014-15 to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as Non-Executive Director of the Company. The said approval for payment of remuneration was valid till March 31, 2019.

The Board of Directors has felt that in view of the contributions of Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) in the growth of the Company and technical guidance provided by him, he should be adequately compensated. Therefore, in view of Sections 197, 198 and other relevant provisions of the Act, your Board, on recommendation of Nomination and Remuneration Committee, has approved payment of remuneration by way of commission to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as Non-Executive Director of the Company not exceeding 1% of the net profits of the Company for each financial year, calculated in the manner laid down in Section 198 of the Act, but not exceeding ₹ 6,00,000/- (Rupees Six Lakhs Only) per annum (payable monthly), for a period of five financial years w.e.f. the financial year 2019-20.

Pursuant to Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended, 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 percent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

Since, remuneration payable to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as a Non-Executive Director could be more than fifty percent of the total annual remuneration payable to all the Non-Executive Directors during the financial year 2019-20, as per the amended Regulation 17(6)(ca) of the Listing Regulations, the approval of the Members by way of a Special Resolution is required to pay him remuneration by way of commission ₹6,00,000/- (Rupees Six Lakhs Only) per annum but not exceeding 1% of net profits calculated u/s 198 of the Act for the financial year 2019-20. No other Non-Executive Director is being paid any remuneration except Independent Directors who are being paid sitting fees for attending the Board Meeting in which financial results/statement are considered.

In view of the above, the Board recommends the Special Resolution mentioned at Item No. 9 as set out in the accompanying notice for the approval of Members for payment of remuneration way of commission to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as Non-Executive Director of the Company for a period of five financial years beginning w.e.f. financial year 2019-20 which shall exceed fifty percent of the total annual remuneration payable to all the Non-Executive Directors.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives, other than Mr. Vijay Krishnaswamirao Atre (DIN: 00416853), are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the accompanying Notice.

Item No. 10:

The Members of the Company at the Extra-ordinary General Meeting of the Company held on March 29, 2018 had approved the re-appointment of Mr. Bipin Madhavji Manek (DIN: 00416441) as the Managing Director of the Company and the terms of remuneration payable to him w.e.f. November 1, 2017 for a period of five years i.e. till October 31, 2022, not liable to retire by rotation.

The Members had inter alia approved, total remuneration of ₹ 2,50,000/- per month and applicable perquisites and commission of 5% of the Net Profit with the authority to the Board to fix the remuneration from time to time.

The monthly basic salary of Mr. Bipin Madhavji Manek (DIN: 00416441) w.e.f. November 1, 2017 is ₹ 2,50,000/- per month Taking into consideration his contributions in the growth of the Company and industry norms and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors in its Meeting held on May 21, 2019 had approved the revision of the salary payable to Mr. Bipin Madhavji Manek (DIN: 00416441) from the existing ₹ 2,50,000/- per month to ₹ 5,00,000/- per month for his remaining tenure as Managing Director of the Company i.e. till October 31, 2022. The Company has entered into a Supplementary Agreement with Mr. Bipin Madhavji Manek (DIN: 00416441) which set out the revised terms and conditions governing appointment and functioning of Mr. Bipin Madhavji Manek (DIN: 00416441) as Managing Director of the Company w.e.f. April 1, 2019 which will substitute the terms and conditions related to remuneration as mentioned in the existing Managing Director Agreement.

The extract of the terms and conditions as set out in the Supplementary Agreement are given below:

Remuneration

- a) Salary: ₹ 5,00,000/- (Rupees Five Lakhs Only) per month.
- b) Commission: 5% p.a. of the Net Profit calculated u/s 198 read with Section 197 of the Companies Act, 2013 less the total salary paid during the financial year.

In addition to the above, the Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,
- b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure.

Except above, all other terms and conditions as stated in the Original Managing Director Agreement dated November 1, 2017 between the parties shall remain unchanged.

It is proposed to seek the Members approval for revision in remuneration payable to Mr. Bipin Madhavji Manek (DIN: 00416441), Managing Director. Details of remuneration paid to Mr. Bipin Madhavji Manek (DIN: 00416441) during the financial year 2018-19 have been disclosed in the Annexure to the Board's Report and in the Report on Corporate Governance.

Brief resume of Mr. Bipin Madhavji Manek (DIN: 00416441) pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are provided in the notice convening this meeting.

Pursuant to Section 102(1) of the Companies Act, 2013, it is informed that Mr. Bipin Madhavji Manek (DIN: 00416441), Managing Director, himself, and Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director, and Mrs. Pravina Bipin Manek (DIN: 00416533), Non-Executive Director, being son and spouse, respectively, are concerned or interested in the Resolution at Item No. 10 of the accompanying notice relating to change in terms of re-appointment of Managing Director.

As on March 31, 2019, Mr. Bipin Madhavji Manek (DIN: 00416441) was holding 1,41,10,333 Equity Shares of the Company constituting 28.25% of total voting power and Mrs. Pravina Bipin 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. 10 of the Notice.

Accordingly, the Board recommends the Ordinary Resolution in relation to change in terms and conditions of the re-appointment of Mr. Bipin Madhavji Manek (DIN: 00416441) as set forth in Item No. 10 of the notice for the approval of the Members.

All the documents referred in the resolution mentioned at Item No.10 and explanatory statement thereto shall be open for inspection by the Members at the Registered as well as Corporate Office of the Company during business hours on any working day of the Company up to the date of the ensuing AGM.

Item No. 11:

The Members of the Company at the 22nd Annual General Meeting of the Company held on September 16, 2015 had approved the re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as the Joint Managing Director of the Company and the terms of remuneration payable to him w.e.f. July 15, 2015 for a period of five years i.e. till July 14, 2020 liable to retire by rotation.

The Members had inter alia approved, total remuneration of ₹ 1,25,000/- per month and applicable perquisites and commission of 2% of the Net Profit with the authority to the Board (which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to fix the salary from time to time. Subsequently, on the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors, the Members in the AGM held on September 24, 2016 had increased the remuneration payable to him from ₹ 1,25,000/- per month to ₹ 2,50,000/- per month w.e.f. December 1, 2015 for his remaining tenure as Joint Managing Director of the Company i.e. till July 14, 2020.

The NRC again reviewed the performance of the Company and contributions of Mr. Mihir Bipin Manek (DIN: 00650613) in the growth of the Company. On the basis of the same, the NRC has recommended to the Board increase in remuneration to be paid to him. Taking into consideration his contributions in the growth of the Company and industry norms and based on the recommendation of NRC, the Board of Directors in its Meeting held on May 21, 2019 had approved the revision of the salary payable to Mr. Mihir Bipin Manek (DIN: 00650613) from the existing ₹ 2,50,000/- per month to ₹ 5,00,000/- per month for his remaining tenure as Joint Managing Director of the Company i.e. till July 14, 2020. The Company has entered into a Supplementary Agreement with Mr. Mihir Bipin Manek (DIN: 00650613) which set out the revised terms and conditions governing appointment and functioning of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director of the Company w.e.f. April 1, 2019 which will substitute the terms and conditions related to remuneration as mentioned in the existing Joint Managing Director Agreement, as amended.

The extract of the terms and conditions as set out in the Second Supplementary Agreement are given below:

Remuneration

- a) Salary: ₹ 5,00,000/- (Rupees Five Lakhs Only) per month.
- b) Commission: 5% p.a. of the Net Profit calculated u/s 198 read with Section 197 of the Companies Act, 2013 less the total salary paid during the financial year.
- c) The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as Joint Managing Director of the Company.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary, as mentioned above, shall be treated as Minimum Remuneration under the provisions of Section II, III and IV of Part II of Schedule V of the Companies Act, 2013.

In addition to the above, the Joint Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,
- b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure.

Except above, all other terms and conditions as stated in the Original Joint Managing Director Agreement dated July 6, 2015, as amended, between the parties shall remain unchanged.

It is proposed to seek the Members approval for revision in remuneration payable to Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director. Details of remuneration paid to Mr. Mihir Bipin Manek (DIN: 00650613) during the financial year 2018-19 have been disclosed in the Annexure to the Board's Report and in the Report on Corporate Governance.

Brief resume of Mr. Mihir Bipin Manek (DIN: 00650613) pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are provided in the notice convening this meeting.

Pursuant to Section 102(1) of the Companies Act, 2013, it is informed that Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director, himself, and Mr. Bipin Madhavji Manek (DIN: 00416441), Managing Director, and Mrs. Pravina Bipin Manek (DIN: 00416533), being parents, are concerned or interested in the Resolution at Item No. 11 of the accompanying notice relating to change in terms of re-appointment of Joint Managing Director.

As on March 31, 2019, Mr. Bipin Madhavji Manek (DIN: 00416441) was holding 1,41,10,333 Equity Shares of the Company constituting 28.25% of total voting power and Mrs. Pravina Bipin 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. 11 of the Notice.

Accordingly, the Board recommends the Ordinary Resolution in relation to change in terms and conditions of the re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as set forth in Item No. 11 of the notice for the approval of the Members.

All the documents referred in the resolution mentioned at Item No. 11 and explanatory statement thereto shall be open for inspection by the Members at the Registered as well as Corporate Office of the Company during business hours on any working day of the Company up to the date of the ensuing AGM.

Item No. 12:

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 has come into force w.e.f. April 1, 2019.

Mr. Bipin Madhavji Manek (DIN: 00416441) and Mr. Mihir Bipin Manek (DIN: 00650613) are the Executive Directors and also the Promoters of the Company and drawing remuneration in excess of limit mentioned in said Regulation 17(6)(e). Accordingly, the approval of the Members was taken in the 25th AGM of the Company held on September 28, 2018.

Subsequent to that approval, the Board of Directors in their meeting held on May 21, 2019, on recommendation of the Nomination and Remuneration Committee, has increased remuneration payable to Mr. Bipin Madhavji Manek (DIN: 00416441) as the Chairman & Managing Director and Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director of the Company from ₹ 2,50,000/- per month to ₹ 5,00,000/- per month 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 w.e.f. April 1, 2019 for their remaining tenure.

The annual remuneration payable to the Executive Directors i.e. Mr. Bipin Madhavji Manek (DIN: 00416441) and Mr. Mihir Bipin Manek (DIN: 00650613), is within the limit of 5% and 10% as specified u/s 197(1) of the Act. Since, the remuneration to be paid to the said Executive Directors has been again increased after taking approval under new Regulation 17(6)(e) of the Listing Regulations, the approval of the Members by way of a Special Resolution is again 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. 12 as set out in the accompanying notice for the approval of Members for payment of remuneration to Mr. Bipin Madhavji Manek (DIN: 00416441) and Mr. Mihir Bipin Manek (DIN: 00650613) on revised 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 Madhavji Manek (DIN: 00416441), Managing Director, Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director, and Mrs. Pravina Bipin 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. 12 of the accompanying notice.

As on March 31, 2019, Mr. Bipin Madhavji Manek (DIN: 00416441) was holding 1,41,10,333 Equity Shares of the Company constituting 28.25% of total voting power and Mrs. Pravina Bipin 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. 12 of the accompanying Notice.

All the documents referred in the resolution mentioned at Item No. 12 and explanatory statement thereto shall be open for inspection by the Members at the Registered as well as Corporate Office of the Company during business hours on any working day of the Company up to the date of the ensuing AGM.

Annexure to Item Nos. 4 to 12 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	Mrs. Pravina Bipin Manek	Mr. Ashit Kantilal Doshi
DIN	00416533	08486679
Date of Birth	February 29, 1956	February 21, 1969
Age	63 years	50 years
Qualifications	B.A.	S.Y. B.com
Nationality	Indian	Indian
Experience	18 years of vast experience and expertise in the business of food colour.	He has an experience of more than 20 years as a Remisser.

Terms and conditions of appointment/ re-appointment	Proposed to be re-appointed as a Director whose office is liable to retire by rotation.	Proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years.
Date of first appointment on the Board	January 19, 1994	June 20, 2019
Shareholding in the Company	1,79,90,667 Equity shares	Nil
List of Directorships held in other Companies	Nil	Nil
Committee Chairmanship/Membership in other Companies	Nil	Nil

Name of the Director	Mr. Prafulchandra Anantlal Shah	Mr. Niren Dinkerrai Desai
DIN	00417022	01978382
Date of Birth	November 13, 1933	December 12, 1956
Age	85 years	62 years
Qualifications	B. E. Mechanical and Electricals	B. E. Mechanical
Nationality	Indian	Indian
Experience	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 16 years.	40 years of rich experience in the field of Industrial Hardware & Machine Tools.
Terms and conditions of appointment/ re-appointment	Proposed to be re-appointed as an Independent Non-Executive Director on existing terms and conditions till September 26, 2024.	Proposed to be re-appointed as an Independent Non-Executive Director on existing terms and conditions till September 26, 2024.
Date of first appointment on the Board	January 6, 2003	January 6, 2003
Shareholding in the Company	Nil	Nil
List of Directorships held in other Companies	Nil	Nil
Committee Chairmanship/Membership in other Companies	Nil	Nil

Name of the Director	Mr. Rahul Chakradhar Berde	Mr. Vijay Krishnaswamirao Atre
DIN	06981981	00416853
Date of Birth	June 4, 1982	April 6, 1925
Age	37 years	94 Years
Qualifications	M. Sc. (Analytical Chemistry)	M. Sc.
Nationality	Indian	Indian
Experience	14 years of experience as a manger of Biotage India Private Limited.	Over 40 years of rich experience in the field of food colours manufacturing unit.
Terms and conditions of appointment/ re-appointment	Proposed to be re-appointed as an Independent Non-Executive Director on existing terms and conditions till September 29, 2024.	Not to be appointed/re-appointed but approval of Members is sought for payment of remuneration to him which may exceed fifty per cent of the total annual remuneration payable to all Non-Executive Directors.

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

Date of first appointment on the Board	September 30, 2014	May 2, 1995
Shareholding in the Company	260 Equity Shares of ₹ 1/- each	25,000 Equity Shares of ₹ 1/- each
List of Directorships held in other Companies	Nil	Nil
Committee Chairmanship/Membership in other Companies	Nil	Nil
Name of the Director	Mr. Bipin Madhavji Manek	Mr. Mihir Bipin Manek
DIN	00416441	00650613
Date of Birth	June 7, 1956	March 8, 1982
Age	63 years	37 years
Qualifications	B. Com.	B. Sc. in Industrial Chemistry
Nationality	Indian	Indian
Experience	Rich experience of over 33 years in the field of Imports & Exports in food colour industries and business management.	13 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 for revision in terms of remuneration.	Not to be appointed/re-appointed but approval of Members is sought for revision in terms of remuneration.
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

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,**

Sd/-

Date: August 14, 2019
Place: Mumbai

Bipin Madhavji Manek
Chairman & Managing Director
(DIN: 00416441)

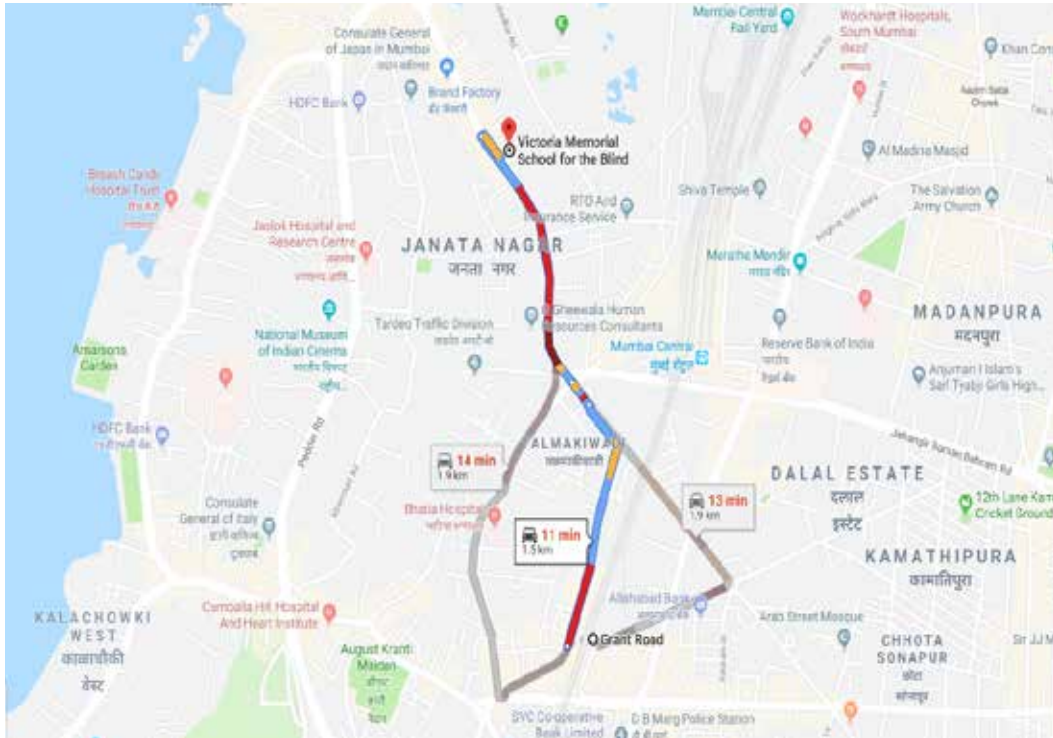
Address: Flat No.12, Somerset House,
Off. Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

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

ROUTE MAP TO THE VENUE OF TWENTY-SIXTH ANNUAL GENERAL MEETING OF VIDHI SPECIALTY FOOD INGREDIENTS 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

Your Directors take pleasure in presenting the **Twenty-Sixth Annual Report** on the business and operations of your Company together with the Audited Financial Statement for the financial year ended March 31, 2019.

1. Financial Summary or Highlights:

The financial highlights of the Company are as follows:

(₹ in Lakhs)

Particulars	Current Year		Previous Year	
	2018-19		2017-18	
Total Income		22,894.15		21,740.99
Total Expenditure (excluding Depreciation)		18,571.05		19,056.29
Profit for the year before providing Depreciation		4,323.10		2,684.70
Less: Depreciation	238.34		249.50	
Less: Exceptional Items	Nil	238.34	Nil	249.50
Profit before Tax		4,084.76		2,435.20
Less: Provision for Taxation				
Current Year	1,197.00		851.68	
Earlier Year	Nil		12.52	
Deferred Tax	(17.76)	1,179.24	7.79	871.99
Profit after Tax		2,905.52		1,563.21
Add: Other Comprehensive Income		8.57		1.89
Total Comprehensive Income		2,914.09		1,565.10
Add: Profit brought forward from Previous Year		6,308.79		5,383.99
Total Profit in Balance Sheet		9,222.88		6,949.09
Appropriation				
Dividend Paid		399.56		399.56
Transfer to General Reserve		291.41		157.13
Dividend Distribution Tax		83.61		83.61
Balance Profit carried to Balance Sheet		8,448.30		6,308.79

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

During the year under review, profit before tax for the year was ₹ 4,084.76 lakhs as against ₹ 2,435.20 lakhs in the previous year registering a growth of 67.74%.

Total Revenue from continuing operations was increased by 5.30% for the year ended March 31, 2019 to ₹ 22,894.15 lakhs as against ₹ 21,740.99 lakhs achieved during the previous year. Profit after tax from continuing operations for the year ended March 31, 2019 was increased by 85.87% to ₹ 2,905.52 lakhs as against profit after tax of ₹ 1,563.21 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 3,530.81 MT of food colours against 3,037.89 MT in the previous year. Your Directors assure to maintain the growth momentum in coming years and strive for bright future for 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 Paise Only) per Equity Share of ₹ 1/- each fully paid up (i.e. 20%) for the financial year ended March 31, 2019. 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 Monday, September 16, 2019 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 Monday, September 16, 2019 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 had decided to distribute profits to its Members and accordingly the Board of Directors had declared interim dividends during the financial year 2018-19 as per details given below:

Type of Dividend	Date of Board Meeting	Rate of Dividend	Per Share Dividend	Total Outflow*
1 st Interim Dividend	August 10, 2018	20% per share	₹ 0.20/- per share	₹ 99.89 lakhs
2 nd Interim Dividend	November 5, 2018	20% per share	₹ 0.20/- per share	₹ 99.89 lakhs
3 rd Interim Dividend	February 12, 2019	20% per share	₹ 0.20/- per share	₹ 99.89 lakhs

*excluding Dividend Distribution Tax paid by the Company.

Total dividend payout for the year 2018-19 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 the Twenty-Sixth AGM.

5. Reserves:

The Board, during the year under review, has transferred ₹ 291.41 lakhs (P. Y. ₹ 157.13 lakhs) to General Reserves.

6. Details of the Companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year:

During the year under Report, the Company did not have any Subsidiaries, Joint Ventures or Associate Companies. However, in the current year your Company has acquired 100% Equity Shares of Arjun Food Colorants Manufacturing Private Limited, a Company held by the Promoters of the Company, thus making it as Wholly Owned Subsidiary Company of our Company.

7. 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) Executive Directors and 2 (Two) Non-Executive Directors including a Woman Director.

In pursuance of the provisions of Section 152(6) of the Companies Act, 2013 ("Act") and Articles of Association of the Company, Mrs. Pravina Bipin Manek (DIN: 00416533) retires by rotation from the Board in the ensuing Annual General Meeting ('AGM') and, being eligible for re-appointment, has offered herself for re-appointment. The Board of Directors recommends her re-appointment to the Members of the Company.

Mr. Prafulchandra Anantlal Shah (DIN: 00417022) and Mr. Niren Dinkerrai Desai (DIN: 01978382) were appointed as Non-Executive Independent Directors on the Board under the Act w.e.f. September 27, 2014 for a period of five years i.e. upto September 26, 2019. Further, Mr. Rahul Chakradhar Berde (DIN: 06981981) was appointed as Non-Executive Independent Director of the Company w.e.f. September 30, 2014 for a period of five years i.e. upto September 29, 2019.

In terms of Section 149 and other applicable provisions of the Act, Mr. Prafulchandra Anantlal Shah (DIN: 00417022) and Mr. Niren Dinkerrai Desai (DIN: 01978382), being eligible, are offering themselves for re-appointment and are proposed to be re-appointed as Independent Directors, on the recommendation of the Nomination & Remuneration Committee and on the basis of the outcome of their performance evaluation up to the financial year 2018-19, for a second term of 5 (five) consecutive years commencing from September 27, 2019 upto September 26, 2024 subject to the approval of the shareholders by passing Special Resolution.

Mr. Rahul Chakradhar Berde (DIN: 06981981), being eligible, is also offering himself for re-appointment and is proposed to be re-appointed as Independent Director, on the recommendation of the Nomination & Remuneration Committee and on the basis of the outcome of his performance evaluation up to the financial year 2018-19, for a second term of 5 (five) consecutive years commencing from September 30, 2019 upto September 29, 2024.

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'). According to the Amendment Regulation, 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 50% 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 Krishnaswamirao Atre (DIN: 00416853) as a Non-Executive Director is more than 50% 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 2020-21, 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 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, 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 was already taken in previous AGM. However, the Board of Directors in their meeting held on May 21, 2019 had approved the increase of remuneration to be paid to Mr. Bipin Madhavji Manek (DIN: 00416441), Managing Director, and Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director, w.e.f. April 1, 2019 for their remaining tenure.

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 Krishnaswamirao Atre (DIN: 00416853) as a Non-Executive Director of the Company, which exceeds fifty percent of the total annual remuneration payable to all the Non-Executive Directors.

The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year are as follows:

- a. Mr. Chetan Prabhudas Bavishi (DIN: 01978410), Independent & Non-Executive Director, had resigned from the Board of Directors of the Company w.e.f. June 13, 2018 due to personal commitments and other pre-occupations.
- b. Ms. Kalika Dabholkar (Membership No.: A38704), Company Secretary & Compliance Officer of the Company, had resigned from the Company w.e.f. November 13, 2018 due to better future prospects.
- c. Ms. Sherry Jain (Membership No.: A57258), was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. February 12, 2019.
- d. Mr. Anil Kumar Dhar (DIN: 01524239), Independent & Non-Executive Director, had resigned from the Board of Directors of the Company w.e.f. March 22, 2019 due to personal commitments and other pre-occupations.

Further, after closure of the financial year Mr. Ashit Kantilal Doshi (DIN: 08486679) was appointed as an Additional Independent & Non-Executive Director w.e.f. June 20, 2019 for a period of five years i.e. upto June 19, 2024 subject to the approval of the Members of the Company in the ensuing AGM u/s 149 and 161 of the Act.

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/pdf/9.%20Codes%20and%20Policies/Terms%20&%20Conditions%20of%20ID.pdf>

Brief resume and other details of the Director proposed to be appointed and re-appointed, 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 Madhavji Manek (DIN: 00416441), Chairman and Managing Director
- Mr. Mitesh Dinesh Manek, Chief Financial Officer
- Ms. Sherry Jain, Company Secretary and Compliance Officer

8. Board Evaluation:

The Board of Directors is committed to continued improvement in its effectiveness. Accordingly, formal evaluation of Board's, its Committee and Directors performance is carried out annually. 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 Members as part of the Board's Report.

As per provisions of Section 178(2) of the Act, Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out. Further, the Independent Directors, as part of their mandate under Schedule IV of the Act, need to make an evaluation of performance of the Board, its Committee and 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 November 5, 2018. The Board of Directors undertook evaluation of Independent Directors at their meeting held on February 12, 2019 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, as specified by Nomination and Remuneration 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

9. Board Familiarization Program:

At the time of appointment of Independent Director, through the induction process, he/she is familiarized with the Company, the Director's roles, rights and 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 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. The Familiarization Program 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 programs held during the financial year 2018-19.

The details of training and familiarization programs are available on our website at <http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Polices/Details%20of%20Familiarisation%20Programmes.pdf>

10. 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 **Annexure A** to this Report.

11. Number of meetings of the Board of Directors:

The Board of Directors met 5 (Five) 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*.

12. Audit Committee:

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

Name	Designation	Category
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Chairman	Non-Executive, Independent
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent
Mr. Mihir Bipin Manek (DIN: 00650613)	Member	Executive

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*.

13. 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. Niren Dinkerrai Desai (DIN: 01978382)	Chairman	Non-Executive, Independent
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent
Mrs. Pravina Bipin Manek (DIN: 00416533)	Member	Non-Executive, Promoter

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*.

14. 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 Bipin Manek (DIN: 00416533)	Chairperson	Non-Executive, Promoter
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent
Mr. Rahul Chakradhar Berde* (DIN: 06981981)	Member	Non-Executive, Independent

*Appointed as a Member of the committee w.e.f. April 1, 2019.

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

15. Corporate Social Responsibility Committee ('CSR Committee'):

Since net profit of the Company is in excess of ₹ 5 Crores, the provisions of Section 135 of the Act regarding Corporate Social Responsibility became applicable to the Company. The constitution, composition, quorum requirements, terms of reference, role, powers, rights and obligations of 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 Anantlal Shah (DIN: 00417022)	Chairman	Non-Executive, Independent
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Member	Non-Executive, Independent
Mr. Rahul Chakradhar Berde (DIN: 06981981)	Member	Non-Executive, Independent

During the financial year under review, the Committee met twice on May 23, 2018 and August 10, 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/pdf/9.%20Codes%20and%20Polices/CSR%20Policy.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.

16. 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 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/pdf/9.%20Codes%20and%20Polices/Vigil%20Mechanism%20Cum%20Whistle%20Blower%20Policy.pdf>

17. Audit Report:

a) Statutory Audit Report:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Act. The Company has received an unmodified opinion in the Auditors' Report for the financial year 2018-19.

b) Secretarial Audit Report:

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, to undertake the Secretarial Audit of the Company for the financial year 2018-19 and issue Secretarial Audit Report. Secretarial Audit Report issued by M/s. Hemanshu Kapadia & Associates for the financial year 2018-19 in Form MR-3 forms part of this report and annexed hereto as **Annexure C**.

The Secretarial Auditor has qualified the Secretarial Audit Report dated August 14, 2019. 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 delay in uploading Form IEPF-2. The said form was required to be filed by December 27, 2018. However, the same was filed on April 18, 2019.	The delay in uploading the Form IEPF-2 was due to the time taken for reconciliation of the Statement of Unpaid/ Unclaimed Dividend amounts received by the Bank and the Registrar & Share Transfer Agents (R & TA).
2.	There was a minor delay in filing Form CHG-4 with reference to Charge ID: 100020310 of HSBC Bank. The same was filed after the stipulated time.	The delay in filing Form CHG-4 was due to delay in receipt of No Due Certificate from HSBC Bank. Subsequently, the form was filed with additional fees.
3.	The Company has necessary license under FSSAI Act as on the date. The Company has made an application dated November 30, 2017 to the FSSAI Authority for renewal of license and the license was under renewal with FSSAI Authority during the period from January 1, 2018 to July 23, 2018 and the same has been renewed w.e.f. July 24, 2018.	The Company's FSSAI license was valid till December 31, 2017. The Company has made necessary application to the FSSAI Authority for renewal of said license before its expiration i.e on November 30, 2017. However, the license was renewed by the authority on July 24, 2018.

18. Auditors:

a) Statutory Auditors:

On the recommendation of the Audit Committee and the Board, the Members in their Twenty-Fourth AGM has appointed M/s. JMR & Associates, Chartered Accountants, Mumbai (Firm Registration No: 106912W) as the Statutory Auditors of the Company for a period of five consecutive financial 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.

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 in their meeting held on May 21, 2019 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 2019-20 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 21, 2019 had appointed M/s. Jayesh Kothari & Co., Chartered Accountants, (FRN: 148528W) as the Internal Auditors of the Company for the financial year ended March 31, 2020.

19. 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.

20. 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.

21. 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/pdf/4.%20Annual%20Reports/2018-19/2.%20MGT-9_2018-19.pdf

22. 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; and
- any sweat equity shares.

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

23. 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.

24. 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.

25. 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, 2019, the applicable accounting standards have been followed and that there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on March 31, 2019 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, 2019; 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, 2019.

26. 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 but not material in nature. 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. 27 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/pdf/9.%20Codes%20and%20Polices/Policy%20on%20Related%20Party%20Transactions.pdf>

27. 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 during the year under review.

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. The Company has acquired 100% shares of Arjun Food Colorants Manufacturing Private Limited during the current financial year, making the said Company as the Wholly Owned Subsidiary of the Company.

28. 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.

29. 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 the 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.

30. 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 2018-19.

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 relating to deposits covered under Chapter V of the Act;
- c) 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);
- d) 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
- e) Details in respect of frauds reported by the 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.

For and on behalf of the Board of Directors

Sd/-

Date: August 14, 2019

Place: Mumbai

Bipin Madhavji Manek
Chairman & Managing Director
(DIN: 00416441)

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

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.

For and on behalf of the Board of Directors

Sd/-

Date: August 14, 2019

Place: Mumbai

Bipin Madhavji Manek
Chairman & Managing Director
(DIN: 00416441)

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

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 Policy) 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 Companies Act, 2013.

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 March 31, 2019:

Mr. Prafulchandra Anantlal Shah (DIN: 00417022) - Chairman
Mr. Niren Dinkerrai Desai (DIN: 01978382) - Member
Mr. Rahul Chakradhar Berde (DIN: 06981981) - Member

3. Average net profit of the Company for last three financial years: ₹ 2,356.59 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 47.13 lakhs

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year under review: ₹ 47.13 lakhs
- b) Amount unspent, if any: ₹ 1.08 lakhs
- c) Manner in which the amount spent during the financial year under review:

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	₹ 50.00 Lakhs	₹ 50.00 Lakhs*	₹ 50.00 Lakhs*	The Shirpur Education Society, Shirpur, Dhule
	TOTAL			₹ 50.00 lakhs	₹ 50.00 lakhs	₹ 50.00 lakhs	

*This amount include ₹ 3,95,107/- spent towards Company's CSR obligation for the financial year 2017-18, which was remained unspent, ₹ 46,04,893/- towards Company's CSR obligation for the year 2018-19.

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 ₹ 47.14 lakhs for the financial year 2018-19. However, the Board, based on the recommendation of CSR Committee, has spent ₹ 50 lakhs during the financial year 2018-19 (including ₹ 3,95,107/- pertaining to the financial year 2017-18 and ₹ 46.05 lakhs for the financial year 2018-19). The unspent amount of ₹ 1.08 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/-

Bipin Madhavji Manek
(DIN: 00416441)
Chairman and Managing Director

Sd/-

Prafulchandra Anantlal Shah
(DIN: 00417022)
Chairman of CSR Committee

Date: August 14, 2019

Place: Mumbai

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2019

*[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 – 400034

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, 2019 (“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, 2019, 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”), Rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The 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 Takeovers) Regulations, 2011 (**Not Applicable to the Company during the Audit Period**);
 - 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 till November 8, 2018 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 w.e.f. November 9, 2018 (**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)**; and
 - h. The SEBI (Buyback of Securities) Regulations, 1998 till September 10, 2018 and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 w.e.f. September 11, 2018 **(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; and
 - 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 ("Listing Regulations"), 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 delay in uploading Form IEPF-2. The said form was required to be filed by December 27, 2018. However, the same was filed on April 18, 2019.*
2. *There was a minor delay in filing Form CHG-4 with reference to Charge ID: 100020310 of HSBC Bank. The same was filed after the stipulated time.*
3. *The Company has necessary license under FSSAI Act as on the date. The Company has made an application dated November 30, 2017 to the FSSAI Authority for renewal of license and the license was under renewal with FSSAI Authority during the period from January 01, 2018 to July 23, 2018 and the same has been renewed w.e.f. July 24, 2018.*

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 subject to our observation that the Company was required to have 4 Independent Directors on Board. However, between the period from March 22, 2019 to March 31, 2019, the Company was having only 3 Independent Directors. Thereafter, the Company has appointed an Independent Director within a period of 3 months as stipulated under the Companies Act, 2013 and Listing Regulations.

There was no change in the composition of the Board of Directors during the period under review except Mr. Chetan Bavishi, Independent Director who has resigned w.e.f. June 13, 2018 and Mr. Anil Kumar Dhar, Independent Director who has resigned w.e.f. March 22, 2019.

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 14, 2019

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 – 400034

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 14, 2019

Place: Mumbai

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 proceeding 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 2018-19
Research & Development Activities	35.00

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 2018-19	Financial year 2017-18
Foreign Exchange Inflow	16,955.44	11,683.22
Foreign Exchange Outflow	7,597.63	9,007.35

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 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2018-19 (in ₹)	% Increase in Remuneration in the financial year 2018-19	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Bipin Madhavji Manek (DIN: 00416441) Chairman and Managing Director	₹ 1,75,52,400/-	46.06	64.66
2.	Mr. Mihir Bipin Manek (DIN: 00650613) Joint Managing Director	₹ 1,72,50,000/-	43.54	63.54
3.	Mrs. Pravina Bipin Manek* (DIN: 00416533) Non-Executive Director	Nil	N.A.	N.A.
4.	Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) Non-Executive Director	₹ 3,00,000/-	0.00	1.11
5.	Mr. Prafulchandra Anantlal Shah@ (DIN: 00417022) Independent Director	₹ 40,000/-	45.45	0.15
6.	Mr. Chetan Prabhudas Bavishi@ (DIN: 01978410) Independent Director	₹ 10,000/-	N.A.	N.A.
7.	Mr. Niren Dinkerrai Desai@ (DIN: 01978382) Independent Director	₹ 40,000/-	6.67	0.15
8.	Mr. Rahul Chakradhar Berde@ (DIN: 06981981) Independent Director	₹ 20,000/-	-42.86	0.07
9.	Mr. Anil Kumar Dhar* (DIN: 01524239) Independent Director	Nil	N.A.	N.A.
10.	Mr. Mitesh Dinesh Manek Chief Financial Officer	₹ 18,00,000/-	0.00	N.A.
11.	Ms. Kalika Dabholkar Company Secretary & Compliance Officer#	₹ 3,00,000/-	N.A.	N.A.
12.	Ms. Sherry Jain Company Secretary & Compliance Officer&	₹ 60,000/-	N.A.	N.A.

*Mrs. Pravina Bipin 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.

Ms. Kalika Dabholkar had resigned from the Company w.e.f. November 13, 2018. Hence, percentage increase for her cannot be provided.

&Ms. Sherry Jain was appointed w.e.f. February 12, 2019. Hence, percentage increase for her cannot be provided.

i. The percentage increase in the median remuneration of employees in the financial year:

In the financial year, there was an increase of 4.82% in the median remuneration of employees.

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

There were 76 (including KMPs) permanent employees on the pay roll of the Company as on March 31, 2019.

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. 2018-19 was 12.32% whereas the percentile increase in the managerial remuneration for the Financial Year 2018-19 was 64.85%.

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. Further, the said remuneration is within the limit of 5% of the Net Profit of the Company as mentioned in Section 197 of the Companies Act, 2013. 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.

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	1	2
Name	Bipin Madhavji Manek*	Mihir Bipin Manek*
Designation	Chairman & Managing Director	Joint Managing Director
Remuneration paid	₹ 1,75,52,400/-	₹ 1,72,50,000/-
Nature of employment	Executive Director	Executive Director
Qualifications and Experience	B.Com with an overall experience of 33 years in the field of Imports & Exports in food colour industries and business management	B.Sc. in Industrial Chemistry with an overall experience of 13 years and expertise in the business of procurement of imported raw materials and distribution of various chemicals
Date of commencement of employment	January 19,1994	July 31, 2006
Age	63 years	37 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 Bipin Manek & Mrs. Pravina Bipin Manek	Related to Mr. Bipin Madhavji Manek & Mrs. Pravina Bipin 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.

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

Sr. No.	3	4
Name	Mitesh Dinesh 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 16 years in finance and administration	B.E. Chemicals with an overall experience of over 15 years in marketing
Date of commencement of employment	April 1, 2002	August 1, 2016
Age	41 years	45 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	₹ 10,32,000/-	₹ 7,95,000/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	Ph.D. with an overall experience of 6 years in Research and Development	M.Sc. with an overall experience of 23 years in production and administration
Date of commencement of employment	September 16, 2016	July 1, 1996
Age	33 years	47 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	Dinesh S Patil	Jaysingh K Burundkar
Designation	Senior R&D Executive	Maintenance Manager
Remuneration paid	₹ 6,77,700/-	₹ 5,96,640/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	Ph.D in Chemistry	B.E. with an overall experience of 26 years in maintenance of plant, machinery and other assets
Date of commencement of employment	January 1, 2018	April 1, 2014
Age	30 years	45 years
Previous Employment	Synyenta Biosciences 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	Milind R Patil	Jitendra P Chavan
Designation	Quality Control Manager	Stores Manager
Remuneration paid	₹ 5,63,640/-	₹ 4,67,784/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	M.Sc. with an overall experience of 26 years in quality control	B.Com with an overall experience of 21 years in store-keeping
Date of commencement of employment	April 1, 1996	June 15, 2000
Age	47 years	38 years
Previous Employment	Roha Dyechem Private 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

For and on behalf of the Board of Directors

Sd/-

Date: August 14, 2019
Place: Mumbai

Bipin Madhavji 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

Vidhi Specialty Food Ingredients Limited ('VSFIL' or 'Vidhi') is committed to healthy corporate governance practices which strengthens and maintains confidence in the Company, thereby contributing to optimal long-term value creation for shareholders and other stakeholders. The objective of corporate governance is to regulate the division of roles between shareholders, the Board and Executive Management more comprehensively than is required by legislation.

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximising stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. Good Governance practices stem from the culture and mindset of the organization. Your Company considers fair and transparent Corporate Governance as one of its core management tenets. Your Company follows the best governance practices with highest integrity, transparency and accountability.

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, 2019 is furnished below:

(1) VSFIL's Philosophy on Code of Governance:

VSFIL fully subscribes to the principles and spirit of Corporate Governance. The Company has adopted transparency, disclosure, accountability and ethics as its business practices. The Management believes that these principles will enable it to achieve the long-term objectives and goals. As part of its Corporate Governance philosophy, VSFIL focuses its energies in safeguarding the interests of its stakeholders by utilizing its resources for maximum benefits of its stakeholders.

The Company constantly reviews its Corporate Governance policy to not only comply with the business, legal and social framework in which it operates but also to implement the best international practices in that regard.

In compliance with the regulatory requirements and effective implementation of Corporate Governance practices, the Company has adopted the following policies and codes in accordance with the applicable provisions of the Companies Act, 2013 ('the Act') and Listing Regulations:

- Archival Policy
- Business Diversity Policy
- Code of Conduct for Board Members and Senior Management Personnel
- Insider Trading Code
- Corporate Social Responsibility Policy
- Nomination and Remuneration Policy
- Policy for evaluation of the performance of the Board of Directors
- Policy for determination of materiality of events
- Policy for determining material subsidiary
- Policy for preservation of documents
- Policy on related party transactions
- Risk Management Policy
- Vigil Mechanism cum Whistle-Blower Policy

These policies, codes and their effective implementation re-affirm the commitment of the Company towards putting in place the highest standards of Corporate Governance in every sphere of its operations. The Company's philosophy of Corporate Governance is not only compliant with the statutory requirements but also underlines our commitment to operate in the best interest of the stakeholders.

(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's policy is to have a proper blend of Executive and Non-Executive Directors to maintain independence of the Board and at the same time separate the Board's functions of governance from the Management. In compliance with the Regulation 17 of the Listing Regulations, the Company's Board of Directors headed by its Chairman, Mr. Bipin Madhavji Manek (DIN: 00416441) comprises of six other Directors, out of which, three Directors are Independent Non-Executive Directors, one Non-Executive Director, one Executive Director and a Woman Director. Detailed profile of our Directors is available on our website at www.vidhifoodcolour.com and also given in this Annual Report.

The day-to-day management of the Company is conducted by the Chairman, Managing Director and Joint Managing Director subject to the supervision, direction and control of the Board of Directors.

Composition of the Board of Directors as on March 31, 2019 was not in accordance with the requirements of Regulation 17 of the Listing Regulations as Mr. Anil Kumar Dhar (DIN: 01524239), Independent Director, had resigned on March 22, 2019. However, subsequently the Board of Directors had appointed an Independent Director within time stipulated under Listing Regulation and the Act.

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 are given in table below. As per Regulation 26(1) of the Listing Regulations, none of the Directors on the Board is 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:

Name of the Director(s) and their DIN	Designation	Category	No. of other Directorships [#]	Committee positions [#]	
				Chairperson	Member
Executive Directors					
Mr. Bipin Madhavji Manek (DIN: 00416441)	Chairman & Managing Director	Promoter	Nil	Nil	Nil
Mr. Mihir Bipin Manek (DIN: 00650613)	Joint Managing Director	Promoter	Nil	Nil	1
Non-Executive Directors					
Mrs. Pravina Bipin Manek (DIN: 00416533)	Non-Executive Woman Director	Promoter	Nil	1	Nil
Mr. Vijay Krishnaswamirao Atre (DIN: 00416853)	Non-Executive Director	Non - Independent	Nil	Nil	Nil
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Director	Independent	Nil	Nil	2
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Director	Independent	Nil	1	Nil
Mr. Rahul Chakradhar Berde (DIN: 06981981)	Director	Independent	Nil	Nil	Nil
Mr. Chetan Prabhudas Bavishi* (DIN: 01978410)	Director	Independent	N.A.	N.A.	N.A.
Mr. Anil Kumar Dhar** (DIN: 01524239)	Director	Independent	N.A.	N.A.	N.A.

*resigned from the Board of Directors of the Company w.e.f. June 13, 2018.

**resigned from the Board of Directors of the Company w.e.f. March 22, 2019.

**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.*

None of the Directors on the Board as on March 31, 2019 holds Directorships in any other Public Companies. Mr. Anil Kumar Dhar (DIN: 01524239), who was an Independent Director of the Company but subsequently resigned from the Company w.e.f. March 22, 2019, was an Independent Director in one Listed Company, namely, Manas Properties Limited. However, none of the Directors of the Company as on March 31, 2019 are holding Directorship in any other Listed 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	23.05.18	25.06.18	10.08.18	05.11.18	12.02.19	Previous AGM (28.09.18)
Mr. Bipin Madhavji Manek (DIN: 00416441)	Yes	Yes	Yes	Yes	Yes	No
Mr. Mihir Bipin Manek (DIN: 00650613)	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Pravina Bipin Manek (DIN: 00416533)	Yes	Yes	Yes	Yes	Yes	No
Mr. Vijay Krishnaswamirao Atre (DIN: 00416853)	Yes	No	Yes	Yes	Yes	No
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Chetan Prabhudas Bavishi* (DIN: 01978410)	Yes	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Rahul Chakradhar Berde (DIN: 06981981)	No	No	No	Yes	Yes	Yes
Mr. Anil Kumar Dhar** (DIN: 01524239)	No	No	Yes	No	No	Yes

*resigned from the Board of Directors of the Company w.e.f. June 13, 2018.

**resigned from the Board of Directors of the Company w.e.f. March 22, 2019.

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

5 (five) Board Meetings were held during the financial year under review, on May 23, 2018, June 25, 2018, August 10, 2018, November 5, 2018 and February 12, 2019.

The Twenty-Fifth Annual General Meeting was held on September 28, 2018.

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

Mr. Bipin Madhavji Manek (DIN: 00416441), Mrs. Pravina Bipin Manek (DIN: 00416533) and Mr. Mihir Bipin 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 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, 2019:

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Mrs. Pravina Bipin Manek (DIN: 00416533)	1,79,90,667	36.02
2.	Mr. Vijay Krishnaswamirao Atre (DIN: 00416853)	25,000	0.05
3.	Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Nil	N.A.
4.	Mr. Niren Dinkerrai Desai (DIN: 01978382)	Nil	N.A.
5.	Mr. Rahul Chakradhar Berde (DIN: 06981981)	260	0.00

f. Weblink where details of familiarization programmes imparted to Independent Directors is disclosed:

The Company at its various meetings held during the financial year 2018-19 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 at following link:

<http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Policies/Details%20of%20Familiarisation%20Programmes.pdf>

g. A chart or a matrix setting out the skills/expertise/competence of the Board of Directors specifying the following:

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

1. Leadership
2. Industrial Knowledge
3. Corporate Strategy & Business Development
4. Human Resources / Industrial Relations
5. Finance, Accounting & Taxation
6. Technical expertise
7. Quality Assurance
8. Risk Management & Mitigation

h. Confirmation that in the opinion of the Board, the Independent Directors fulfill the conditions specified in these Regulations and are independent of the Management:

As per the declaration received from Independent Directors, all Independent Director's meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations. None of the Independent Directors of the Company serve as an Independent Director in more than seven Listed Companies and none of the Executive Directors are Independent Directors of any Listed Company. The Board confirms that the Independent Directors fulfill the conditions specified in Listing Regulations and that they are Independent of the Management.

i. Detailed reason for Resignation of Independent Director:

During the financial year 2018-19, Mr. Chetan Prabhudas Bavishi (DIN: 01978410) and Mr. Anil Kumar Dhar (DIN: 01524239) had resigned from the post of Non-Executive Independent Director of the Company before the expiry of their tenure due to their personal commitments and other pre-occupations on June 13, 2018 and March 22, 2019, respectively. Mr. Anil Kumar Dhar (DIN: 01524239) has further confirmed that he has resigned as Independent Director due to his personal commitments and other pre-occupations and there were no other material reasons for his resignation.

j. Code of Conduct:

The Board of Directors has laid down a 'Code of Conduct' for all the Board Members and Senior Management Personnel of the Company. The 'Code of Conduct' has also been posted onto the website of the Company and all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for financial year 2018-19.

<http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Polices/Code%20of%20Conduct%20for%20Board%20Members%20and%20Senior%20Management%20Personnel.pdf>

Further, the Company/Board confirms that all of its Independent Directors have affirmed with the "Code of Conduct for Independent Directors".

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 part of the report on Corporate Governance.

(3) Audit Committee:

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

The composition of the Audit Committee as on March 31, 2019 as well as details of meetings of Audit Committee held and attended by each Member during the financial year 2018-19 are as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Chairman	Non-Executive, Independent	4	4
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent	4	4
Mr. Chetan Prabhudas Bavishi* (DIN: 01978410)	Member	Non-Executive, Independent	1*	1
Mr. Mihir Bipin Manek (DIN: 00650613)	Member	Executive	4	4

**resigned from the Board of Directors of the Company w.e.f. June 13, 2018, thus he ceased to be as Member of the Committee. During his tenure only one Audit Committee meeting was held.*

The Members of the Audit Committee met 4 (four) times during the financial year 2018-19 on May 23, 2018, August 10, 2018, November 5, 2018 and February 12, 2019. 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 financial year were accepted by the Board.

Mr. Niren Dinkerrai Desai (DIN: 01978382), Chairman of the Audit Committee, was present at the last Annual General Meeting held on Friday, September 28, 2018 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 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, and
 - g. modified opinion(s) in the draft audit report,
- reviewing, with the management, the quarterly financial statements 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 there on,
 - 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, and
 - 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 chief internal auditor, and
- 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), and
 - 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, and
- 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 defined. 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.

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

The composition of the Nomination and Remuneration Committee as on March 31, 2019 as well as details of meeting of Nomination and Remuneration Committee held and attended by each Member during the financial year 2018-19 are as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Chairman	Non-Executive, Independent	2	2
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent	2	2
Mr. Chetan Prabhudas Bavishi* (DIN: 01978410)	Member	Non-Executive, Independent	1*	1
Mrs. Pravina Bipin Manek (DIN: 00416533)	Member	Non-Executive, Promoter	2	2

**resigned from the Board of Directors of the Company w.e.f. June 13, 2018. Thus, he ceased to be the Member of the Nomination and Remuneration Committee. During his tenure only one Nomination and Remuneration Committee meeting was held.*

The Members of the Committee met twice during the financial year 2018-19 on May 23, 2018 and February 12, 2019.

Mr. Niren Dinkerrai Desai (DIN: 01978382), the Chairman of the Nomination and Remuneration Committee, was present at the last Annual General Meeting held on Friday, September 28, 2018 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 provides the manner in which the annual evaluation of the Board, it's Committee and of individual Directors to be done and co-ordinates and oversees the process.

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, and
- 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/her performance. The detailed procedure of performance evaluation is provided under Point No. 8 of the Board's 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, and
- 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 had paid ₹ 3,00,000/- to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as Technical Director's remuneration. The Company had also paid ₹ 3,51,060/- 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 Bipin Manek (DIN: 00416533) was paid Guarantee Commission for guarantee given by her for securing loan taken by the Company from Banks. Mrs. Pravina Bipin Manek (DIN: 00416533) had received ₹ 45,00,000/- as Guarantee Commission. The above payments made to Non-Executive Directors were approved by the Shareholders. Apart from mentioned above, none of the other Non-Executive Directors have received any remuneration.

Mrs. Pravina Bipin Manek (DIN: 00416533) is one of the Promoters of the Company and Mr. Bipin Madhavji Manek (DIN: 00416441), Chairman and Managing Director, and Mr. Mihir Bipin 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/pdf/9.%20Codes%20and%20Polices/Nomination%20and%20Remuneration%20Policy.pdf>

c. Disclosures with respect to remuneration:

(i) Details of remuneration paid to the Executive Directors for the financial year 2018-19 are as given below:

Name of Directors	Amount in ₹			Contract period	Notice period
	Salary	Commission	Total		
Mr. Bipin Madhavji Manek (DIN: 00416441) Chairman and Managing Director	30,00,000	1,45,52,400	1,75,52,400	From 01.11.2017 till 31.10.2022	Three Calendar months
Mr. Mihir Bipin Manek (DIN: 00650613) Joint Managing Director	30,00,000	1,42,50,000	1,72,50,000	From 15.07.2015 till 14.07.2020	Three Calendar months
Total	60,00,000	2,88,02,400	3,48,02,400		

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 Madhavji Manek (DIN: 00416441) is holding 1,41,10,333 Equity Shares of the Company constituting 28.25% of total voting power and Mr. Mihir Bipin 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 Madhavji Manek (DIN: 00416441), Chairman and Managing Director, shall not be liable to retirement by rotation whereas, the period of office of Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director, shall be liable to retirement by rotation.
- Mr. Bipin Madhavji Manek (DIN: 00416441) was also paid ₹ 45,00,000 as Guarantee Commission for guarantee given by him for securing loan taken by the Company from Banks.

(ii) The details of Remuneration paid to the Non-Executive Directors for the financial year 2018-19 are as given below:

Name of Directors	Amount in ₹				
	Sitting fees	Commission	Salary	Others	Total
Mr. Vijay Krishnaswamirao Atre# (DIN: 00416853)	0	3,00,000	0	0	3,00,000
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	40,000	0	0	0	40,000
Mr. Chetan Prabhudas Bavishi* (DIN: 01978410)	10,000	0	0	0	10,000
Mr. Niren Dinkerrai Desai (DIN: 01978382)	40,000	0	0	0	40,000
Mr. Rahul Chakradhar Berde (DIN: 06981981)	20,000	0	0	0	20,000
Mrs. Pravina Bipin Manek& (DIN: 00416533)	0	0	0	0	0
Mr. Anil Kumar Dhar@ (DIN: 01524239)	0	0	0	3,51,060	3,51,060
Total	1,10,000	3,00,000	0	3,51,060	7,61,060

#Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) has received ₹ 3,00,000/- as Technical Director Remuneration.

*Sitting Fees is upto June 13, 2018 as Mr. Chetan Prabhudas Bavishi (DIN: 01978410) had resigned from the Board of Directors of the Company w.e.f. June 13, 2018.

&Mrs. Pravina Bipin Manek (DIN: 00416533) was paid ₹ 45,00,000/- as Guarantee Commission for guarantee given by her for securing loan taken by the Company from Banks.

@Mr. Anil Kumar Dhar (DIN: 01524239) has received ₹ 3,51,060/- 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 Act and the Listing Regulations.

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

The composition of the Stakeholders' Relationship Committee as on March 31, 2019 as well as details of meeting of Stakeholders' Relationship Committee attended by each Member during the financial year 2018-19 is as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mrs. Pravina Bipin Manek (DIN: 00416533)	Chairperson	Non-Executive, Promoter	4	4
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent	4	4
Mr. Chetan Prabhudas Bavishi* (DIN: 01978410)	Member	Non-Executive, Independent	1*	1

**resigned from the Board of Directors of the Company w.e.f. June 13, 2018. Thus, he ceased to be the Member of the Stakeholders' Relationship Committee. During his tenure only one Stakeholders' Relationship Committee meeting was held.*

In compliance with the Regulation 20 of the Listing Regulations, as amended, the Board has appointed Mr. Rahul Chakradhar Berde (DIN: 06981981) as the Member of the Committee w.e.f. April 1, 2019.

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. Kaiika Dabholkar, Company Secretary, was the Compliance Officer of the Company. Since, she resigned from the post of Company Secretary of the Company w.e.f. November 13, 2018, she also ceased to be appointed as Compliance Officer of the Company. Subsequently, Mr. Mitesh Dinesh Manek, Chief Financial Officer, was appointed as Compliance Officer of the Company till the time, the Company appoints a Company Secretary of the Company.

The Board of Directors has appointed Ms. Sherry Jain as Company Secretary and designated her as the Compliance Officer of the Company w.e.f. February 12, 2019 in terms of Regulation 6(1) of the Listing Regulations (*e-mail ID: vdmics@hotmail.com*). The Compliance Officer 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	2
Number of Shareholders' complaints received during the financial year 2018-19	8
Number of complaints not resolved to the Satisfaction of shareholders as on March 31, 2019	0
No. of pending complaints as on March 31, 2019	0

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 C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.

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 registrar & share transfer agents,
- 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, and
- 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 during the year:

During the financial year under review, the Committee met 4 (four) times, i.e. on May 23, 2018, August 10, 2018, November 5, 2018 and February 12, 2019.

(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
F. Y. 2017-18 25 th AGM held on Friday, September 28, 2018 at 3:30 p.m.	The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400034	<ol style="list-style-type: none"> 1. 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. 2. Approve the aggregate annual remuneration payable to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) as the Non-Executive Director of the Company, which exceeds 50% of the total annual remuneration payable to all Non-Executive Directors. 3. Approve the continuation of holding the office of a Non-Executive Director by Mr. Vijay Krishnaswamirao Atre (DIN: 00416853). 4. Approve the continuation of holding the office of Independent Non-Executive Director by Mr. Prafulchandra Anantlal Shah (DIN: 00417022).
F. Y. 2016-17 24 th 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
F. Y. 2015-16 23 rd 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.

b. Special Resolutions passed through Postal Ballot:

During the financial year 2018-19, 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 of the Listing Regulations, including any statutory modification or re-enactment thereof for the time being in force.

(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 2018-19 were normally published in the newspapers, viz. Business Standard (English) and Dainik Mumbai Lakshadeep (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 2018-19.

(9) General Shareholder Information:

a. **Annual General Meeting (AGM):**

Day, date and time : Monday, September 23, 2019 at 3:30 p.m.

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

b. **Financial year** : April 1, 2018 to March 31, 2019

c. **Dividend Payment Date:**

The Dividend, if declared at the AGM, would be paid/dispatched on/after Tuesday, September 24, 2019 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 Tuesday, September 17, 2019 to Monday, September 23, 2019, 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 for the financial year 2018-19 within the stipulated time.

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, 2019, on the said exchanges, is as follows:

Stock Market data – BSE

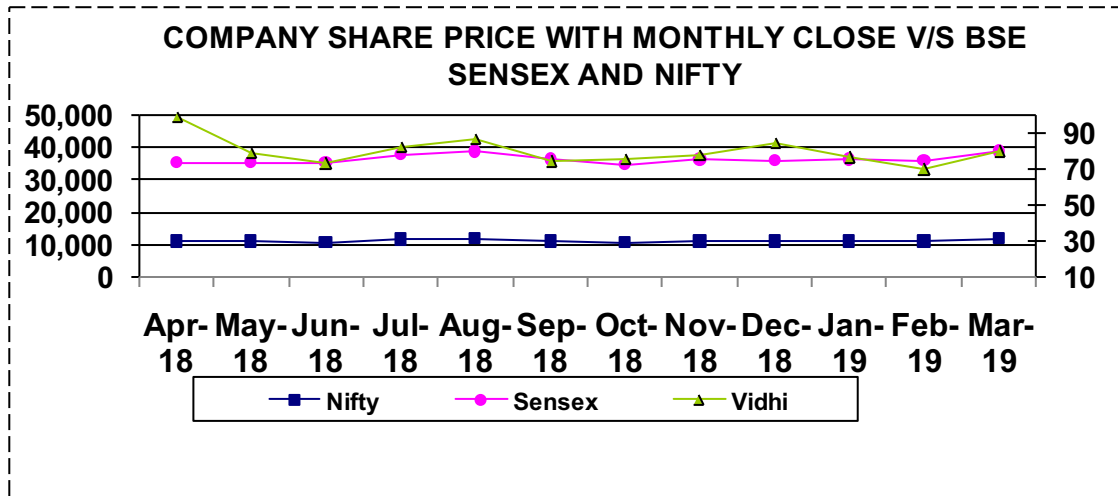
Month	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares	Total Turnover (₹)
April, 2018	82.40	106.40	80.90	99.35	9,12,490	8,71,76,433
May, 2018	96.50	102.00	77.70	78.95	4,17,662	3,69,14,327
June, 2018	79.55	80.80	68.40	73.00	3,85,833	2,91,81,209
July, 2018	72.65	84.40	71.25	82.50	3,80,842	2,95,21,748
August, 2018	81.65	92.00	80.75	87.05	5,54,461	4,82,93,844
September, 2018	87.10	90.90	73.00	74.05	3,46,125	2,84,93,479
October, 2018	72.65	79.50	67.15	75.50	2,15,511	1,56,53,697
November, 2018	74.75	85.25	74.60	78.05	2,20,912	1,75,64,244
December, 2018	77.80	86.50	72.80	84.50	1,71,606	1,35,45,245
January, 2019	83.90	89.95	71.55	76.25	3,00,132	2,48,52,892
February, 2019	76.60	77.70	66.90	69.45	1,62,394	1,16,24,870
March, 2019	70.90	87.90	69.90	79.70	3,22,165	2,64,83,139

Stock Market data – NSE

Month	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares	Total Turnover (₹)
April, 2018	82.20	106.30	80.00	99.60	42,30,686	39,47,76,183
May, 2018	100.05	102.50	77.00	78.75	17,20,601	15,21,33,093
June, 2018	79.20	82.70	68.00	73.05	11,98,582	8,99,97,471
July, 2018	73.00	84.40	70.30	82.65	9,53,237	7,37,47,159
August, 2018	82.00	92.40	80.40	86.95	17,73,533	15,42,49,170
September, 2018	87.55	91.15	70.70	73.95	9,15,442	7,44,61,459
October, 2018	72.60	79.85	67.00	75.45	10,04,176	7,24,59,823
November, 2018	79.85	85.00	74.50	77.45	7,00,801	5,54,91,597
December, 2018	77.80	86.30	71.45	84.40	9,62,533	7,58,82,640
January, 2019	84.55	89.80	71.45	76.10	8,31,891	6,91,01,138
February, 2019	75.95	78.00	66.05	69.90	5,38,371	3,79,74,424
March, 2019	69.60	87.00	69.60	80.05	10,91,364	8,87,97,439

*(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

C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083

Tel: 022 - 2851 5644/5606 Fax: 022 - 2851 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, 2019:

No. of Equity Shares held	No. of Members	% of Members	Total Shares	% of shares
1 - 5000	11,008	96.46	55,82,516	11.18
5001 - 10000	196	1.72	15,33,806	3.07
10001 - 20000	86	0.75	12,88,096	2.58
20001 - 30000	50	0.44	12,83,847	2.57
30001 - 40000	13	0.11	4,77,713	0.96
40001 - 50000	11	0.10	4,96,293	0.99
50001 - 100000	23	0.20	16,45,417	3.29
100001 & Above	25	0.22	3,76,37,312	75.36
Total	11,412	100.00	4,99,45,000	100.00

I. Shareholding pattern of the Company as on March 31, 2019:

Category Code	Category of the Shareholder	Number of Shareholders	Total Number of Shares	Total Share-holding as a % of total number of shares
[A]	Shareholding of Promoter & Promoter Group			
(1)	Indian (Individuals)	2	3,21,01,000	64.27
	Total Shareholding of Promoter and Promoter Group	2	3,21,01,000	64.27
[B]	Public Shareholding			
(1)	Institutions	4	87,162	0.17
(2)	Non-Institutions	11,406	1,77,56,838	35.56
	Total Public Shareholding	11,410	1,78,44,000	35.73
[C]	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00
	GRAND TOTAL [A]+[B]+[C]	11,412	4,99,45,000	100.00

As on March 31, 2019 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 Equity 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, 2019, 99.00% of the total Subscribed and Fully Paid-up Equity Share Capital comprising of 4,94,46,890 Equity Shares of the Company are in dematerialized form. W.e.f. April 1, 2019 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 as on the date of this Report.

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
E/27, Commerce Centre, 78, Tardeo Road, Mumbai – 400034
Tel.: 022-6140 6666 Fax: 022-2352 1980

(ii) **For queries on Annual Report or investors' assistance:**

Ms. Sherry Jain, Company Secretary and Compliance Officer
Vidhi Specialty Food Ingredients 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

The aforesaid e-mail id and other relevant details have been displayed on the website of the Company i.e. www.vidhifoodcolour.com

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

Sharex Dynamic (India) Private Limited

C 101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083,
Tel: 022 - 2851 5644/5606 Fax: 022 - 2851 2885
Website: www.sharexindia.com
E-mail: support@sharexindia.com

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

r. **List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year:**

CRISIL has revised the credit ratings of the Company during the financial year as under:

Facility	Current facilities		Previous facilities	
	Amount (₹ Crore)	Rating	Amount (₹ Crore)	Rating
Bill Discounting	22.5	CRISIL A3+	22.5	CRISIL A3+
Letter of Credit	17	CRISIL A3+	17	CRISIL A3+
Packing Credit	38	CRISIL A3+	38	CRISIL A3+
Term Loan	4.22	CRISIL BBB/ Positive	4.22	CRISIL BBB/ Stable
Total	81.72	-	81.72	-

(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 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 or 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 or 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 cum 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:

<http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Polices/Policy%20For%20Material%20Subsidiary.pdf>

f. Web link where policy on dealing with related party transactions is disclosed:

<http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Polices/Policy%20on%20Related%20Party%20Transactions.pdf>

g. Disclosure of commodity price risks and commodity hedging activities: Not applicable

h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32(7A): Not applicable

i. Certificate from Mr. Hemanshu Kapadia, Practising Company Secretary, is attached herewith, which forms part of this Report, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board (SEBI)/ Ministry of Corporate Affairs or any such statutory authority.

j. During the financial year 2018-19, all the recommendations of the Committees of the Board, which were mandatorily required, have been accepted by the Board of Directors.

k. Total fees for all services paid by the Company to the Statutory Auditor and all entities in the network firm/ network entity of which the statutory Auditor is a part:

Type of services	F. Y. 2018-19	F. Y. 2017-18
Audit Fee	8,00,000	7,50,000
Tax Audit Fee	4,00,000	Nil
Others services	1,03,250	50,000
Total	13,03,250	8,00,000

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints filed during the financial year: Nil
- b. number of complaints disposed of during the financial year: Nil
- c. number of complaints pending as on end of the financial year: Nil

m. 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.

n. Reconciliation of Share Capital Audit:

A qualified Practising 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's Rights:

The Company's quarterly/half-yearly/annual results were furnished to the Stock Exchanges, 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/investor_relation.php?m=52.

c. Modified opinion(s) in Audit Report:

The Audit Report of the Company for the financial year 2018-19 is with unmodified audit opinion.

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 submits it's Reports directly to the Audit Committee.

(13) Disclosures of the compliance with Corporate Governance requirements specified in Regulations 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, except the compliance relating to the composition of the Board of Directors.

Note relating to the composition of the Board of Directors:

Mr. Anil Kumar Dhar (DIN: 01524239), an Independent Director of the Company, was appointed on the Board of the Company for a period of five years w.e.f. September 16, 2015 till September 15, 2020. However, he resigned from the Company w.e.f. March 22, 2019 due to personal commitments and other pre-occupations. As per the provisions of Section 149 of the Act read with the applicable Rules thereto, any intermittent vacancy of an Independent Director shall be filled-up by the Board at the earliest but not later than the immediate next Board Meeting or three months from the date of such vacancy, whichever is later.

The Board of Directors had identified Mr. Ashit Kantilal Doshi (DIN: 08486679) to be appointed as a Non-Executive Independent Director on the Board of the Company. The Company had completed all the regulatory formalities for appointment of Independent Director before the due date. W.e.f. June 20, 2019, composition of the Board of Directors is in compliance with the applicable provisions of the Act and Listing Regulations.

Details on compliance of Corporate Governance requirement of Listing Regulations during the financial year 2018-19:

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent Director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	No
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes

Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholders' Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3) & (4)	Not Applicable
Vigil Mechanism	22	Yes
Policy for Related Party Transactions	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2) & (3)	Not Applicable
Approval for material Related Party Transactions	23(4)	Not Applicable
Composition of Board of Directors of Unlisted Material Subsidiary	24(1)	Not Applicable
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Not Applicable
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to Code of Conduct from Members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management	26(2) & (5)	Yes
Other Corporate Governance requirements	27	Yes

Disclosure on website in terms of Listing Regulations as on March 31, 2019:

Item	Compliance status (Yes/No/NA)
Details of business	Yes
Terms and conditions of appointment of Independent Directors	Yes
Composition of various Committees of Board of Directors	Yes
Code of Conduct of Board of Directors and Senior Management Personnel	Yes
Details of establishment of Vigil Mechanism cum Whistle Blower policy	Yes
Criteria of making payments to Non-Executive Directors	Yes
Policy on dealing with Related Party Transactions	Yes
Policy for determining 'Material' Subsidiaries	Not Applicable

Details of familiarization programmes imparted to Independent Directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
Email address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	Not Applicable
New name and the old name of the listed entity	Not Applicable

For and on behalf of the Board of Directors

Sd/-

Date: August 14, 2019
Place: Mumbai

Bipin Madhavji 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

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:

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the same is uploaded on the website of the Company at www.vidhifoodcolour.com

I hereby confirm that 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, 2019.

**For and on behalf of the Board of Directors
and Senior Management Personnel**

Sd/-

Date: August 14, 2019
Place: Mumbai

Bipin Madhavji 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

Vidhi Specialty Food Ingredients Limited

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 2018-19 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; and
 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 2018-19 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 2018-19;
 2. That there are no significant changes in accounting policies during the financial year 2018-19; 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/-
Bipin Madhavji Manek
Chairman & Managing Director
(DIN: 00416441)

Sd/-
Mitesh Dinesh Manek
Chief Financial Officer

Date: August 14, 2019

Place: Mumbai

Compliance Certificate regarding Compliance of Condition of Corporate Governance

To the Members of VIDHI SPECIALTY FOOD INGREDIENTS 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** ('the Company') for the financial year ended **March 31, 2019**.

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, subject to our following observation:

As per regulation 17(1) of Listing Regulations, the Company was required to have 4 Independent Directors on Board. However between the period from March 22, 2019 to March 31, 2019, the Company was having only 3 Independent Directors. Thereafter, the Company has appointed an Independent Director within a period of 3 months as stipulated under the Companies Act, 2013 and Listing Regulations.

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.: F3477

Date: August 14, 2019

Place: Mumbai

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To the Members of **VIDHI SPECIALTY FOOD INGREDIENTS LIMITED**,

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **VIDHI SPECIALTY FOOD INGREDIENTS LIMITED** having CIN: **L24110MH1994PLC076156** and having Registered Office at E/27, Commerce Center, 78, Tardeo Road, Mumbai - 400 034 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the based on the information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Bipin Madhavji Manek	00416441	19/01/1994
2.	Pravina Bipin Manek	00416533	19/01/1994
3.	Vijay Krishnaswamirao Atre	00416853	02/05/1995
4.	Praful Anantlal Shah	00417022	06/01/2003
5.	Mihir Bipin Manek	00650613	31/07/2006
6.	Nirenbhai Dinkerrai Desai	01978382	06/01/2003
7.	Rahul Chakradhar Berde	06981981	30/09/2014

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate 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
Practicing Company Secretaries**

sd/-
Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: F3477

Date: August 14, 2019

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, 2019. Information presented in this discussion supplements the financial statement, schedules and exhibits for the financial year ended March 31, 2019.

Global Economic Overview:

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of year 2018, reflecting a confluence of factors affecting major economies. Global growth is now projected to slow from 3.6 per cent in 2018 to 3 percent in 2019, before returning to 3.6 per cent in 2020 or 2021. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions and intensifying climate risks. There was a significant rise in trade tensions among the world's largest economies, with a steep rise in the number of disputes raised under the dispute settlement mechanism of the World Trade Organization. The trade dispute between USA and China is the biggest trade dispute.

Developed economies expanded at a steady pace of 2.2 per cent, growth rates in many countries have risen close to their potential. While unemployment rates are at historical lows in several developed economies, many individuals, notably those with low incomes, have seen little or no growth in disposable income for the last decade. Among the developing economies, the regions of East and South Asia remain on a relatively strong growth trajectory, expanding by approx 5.5 per cent in 2019. Beneath the strong global headline figures, however, economic progress has been highly uneven across regions.

Domestic Economic Overview:

As per the World Bank Reports India's economy grew by 7.2 per cent in the financial year 2018-19 in contrast to the recent Indian Central Statistical Office (CSO) estimate of only 6.8 per cent growth during the period. It is forecasted that India's GDP to grow at 7 per cent in the financial year 2019-20 due to growth of investment & consumption service exports enhanced. Report of the World Economic Outlook (WEO) of International Monetary Fund (IMF) has projected India's GDP to grow even higher at 7.3 per cent in the year 2019. India will retain its top spot as the fastest growing major economy. It would be helped by a "more accommodative monetary policy" and low inflation. On the external front, Current Account Deficit (CAD) increased from 1.9 per cent of GDP in the financial year 2017-18 to 2.6 per cent in April-December 2018. The widening of the CAD was largely on account of a higher trade deficit driven by rise in international crude oil prices (Indian basket). The trade deficit increased from US\$ 162.1 billion in the financial year 2017-18 to US\$ 184 billion in the financial year 2018-19.

Net Foreign Direct Investment (FDI) inflows grew by 14.2 per cent in the financial year 2018-19. Among the top sectors attracting FDI equity inflows, services, automobiles and chemicals were the major categories. By and large, FDI inflows have been growing at a high rate since 2015-16. This pick up indicates the improvement in confidence of the foreign investors in the Indian economy.

Indian banking sector has been dealing with twin balance sheet problem, which refers to stressed, corporate and bank balance sheets. The increase in Non-Performing Assets (NPA) of banks led to stress on balance sheets of banks, with the Public Sector Banks (PSBs) taking in more stress.

There was a significant decline in food prices in the financial year 2018-19 as indicated by nearly zero per cent consumer food price inflation in the financial year 2018-19 with price contraction straight for five months in the year. The CPI inflation has consistently declined from 5.9 per cent in F. Y. 2015 to 4.9 per cent in F. Y. 2016, 4.5 per cent in F. Y. 2017, 3.6 per cent in F.Y. 2018 and further down to 3.4 per cent in F. Y. 2019. The Wholesale Price Index (WPI) based inflation, base year 2011-12, increased to 3.2 per cent in March, 2019.

Industry Structure & Development:

Colouring is an essential part of any food item. Off-Colour foods are generally considered inferior in quality, and so colours are added. Colour of the food can influence the perceived flavor. Food Colours are often used to protect flavors and vitamins that may be affected by sunlight. Clean labeling is becoming a significant trend in food colour market.

The global food colours market is segmented based on type, application and geography. Based on type, it is bifurcated into natural and artificial colours. Based on application, it is divided into beverages, dairy, bakery & confectionary, processed food & vegetables, oils & fats, pharmaceuticals and others. Geographically, the global food colour market is divided into seven regions, namely North America, Latin America, Asia Pacific excluding Japan (APEJ), Western Europe, Eastern Europe, Japan and Middle East and Africa (MEA).

APEJ holds the major share in the global food colour market owing to the high consumption of synthetic food colour by commercial food producers. The countries such as India, China, Indonesia and Taiwan are the prominent countries in food colour market in APEJ region. Followed by APEJ is North America and Europe and are expected to grow at moderately high Compounded Annual Growth Rate (“CAGR”) during the forecast period. Latin America is anticipated to project stable growth rate in terms of value.

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 of food colours and trading in 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 U.S. FDA. All the products carry Halal and Kosher certification. The Company is the third largest manufacturer of synthetic food grade dyes globally with a capacity of above 3600 MTPA. Over the last 25 years, it has established strong relationships with global majors like Nestle, Mars, Pedigree and Sanofi amongst others.

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 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.

Vidhi is 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.

Outlook:

The global food colour market is primarily driven by the increasing demand from beverage industry and bakery and confectionary. The high demand from flavoured drinks, fruit juices and nutritional drinks drives the global food colour market. 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 commencement of the US-China trade war opened new opportunities for India. Inflation (including food and energy prices) was estimated at 2.6 per cent on an annual basis, one of the lowest in years and well below the Reserve Bank of India’s medium-term target of 4 per cent. The rupee rebounded after touching a low of ₹ 74.45 to a dollar to close the financial year at ₹ 69.44. Further, the Indian government continued to take a number of initiatives in strengthening the national economy which would have positive impact.

While the capacity expansion plan remains on track, improving product mix, lower share of trading business and backward integration are expected to improve earnings. Operating margins should settle north of 20 per cent. Hence, we expect approx 40 per cent CAGR in EBITDA for the next two years. The stock is currently trading at a P/E multiple of approx 9.7.

The outlook for the business continues to be positive, as the Company continues to work on manufacturing and distribution expansion and strengthening of supply chain. The Company is confident to meet the challenges with its strength in marketing network, it’s strategic planning, Research & Development productivity improvement and cost reduction exercise.

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, quality improvements and cost reductions. Another important aspect which helps the Company in having its diverse portfolio of products is the fact that, 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.

Opportunities:

The size of the global food and beverages colour market is estimated to be about USD 1.1 billion, with half contributed by natural food colours and the other half by synthetic food colours. It is relatively small compared to the global dyes and dye

intermediates market of about USD 4 billion, but the prospects of the food colour business are underpinned by relatively steady growth trends.

Market researchers forecast mid to high single digit CAGR in the medium term driven by regulatory requirements, urbanization and structural demand drivers for the food and beverage industry.

Further:

- There is large domestic market with increased income and expenditure on consumer products;
- Closures of industries in China due to environmental norms;
- Good quality products;
- Quality human resources;
- Established production facilities;
- Various pro industry initiative taken by the Government and the Reserve Bank of India; and
- Access to international selling and sourcing markets is a key success factor and vital for the food colours manufacturing Industry.

Threats:

- 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;
- 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;
- Cost of compliance makes operations uneconomical and unviable for small players; and
- 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:

Fiscal year 2018-19 has been a year of economic consolidation after implementation of GST and demonetization. GDP growth is expected to be around 7.3 per cent aided by significant export growth. The new government will have to adopt a non populist economic policy. The USA appears to have reversed its earlier projection of interest rate hikes fearing a slowdown in the economy. China and some other European countries also seem to be slowing down, which may affect world economic growth. Rising protectionism and disruptions caused by US sanctions on countries like Iran may hurt world growth. The US – China trade war and events like BREXIT are all impediments to growth.

Indian exports are mainly capital intensive and therefore, need to harness cheap labour to sustain double digit growth in case of slowdown in world economy. Small incremental reforms will not suffice and further reforms in labour and land laws, education and health will be required to sustain a 7.5 per cent growth rate and be counted as a Miracle Economy in the world. Any further increase in oil prices may adversely impact current account deficit, inflation, value of the Indian rupee and interest rates, derailing the India growth story.

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.

Other Concerns are:

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

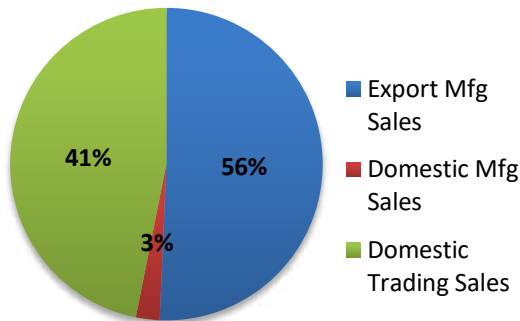
The Company fulfils its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at both the manufacturing plants. The Company continued its focus on compliance in all areas of its business operations by rationalizing and strengthening 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:

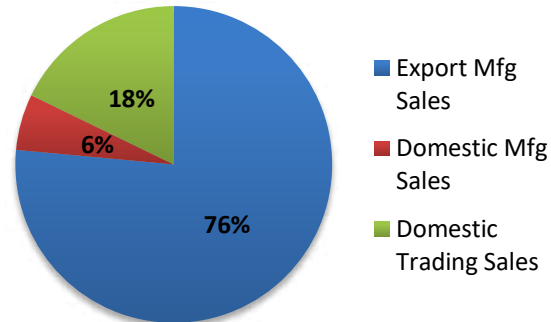
In accordance with Ind-AS 108, the Company has a single reportable business segment, manufacturing and trading of food colours and trading in chemicals. Thus, the segment-wise or product-wise performance report is not given in the report. The Company has manufactured 3,530.81 MT food colours during the financial year 2018-19 against 3,037.89 MT in the previous year.

Net Sales by Geography:

Sales 2018



Sales 2019



Discussion on financial performance with respect to operational performance:

i. Financial Performance:

During the year under review, your Company has achieved Revenue from operations of ₹ 22,894.15 lakhs. The comparative figures are tabulated below. The Company has achieved net profit of ₹ 2,905.52 lakhs for the financial year 2018-19. EBIDTA stood at ₹ 4,666.64 lakhs for the financial year 2018-19. An operational EBIDTA has increased from 14.65 per cent for financial year ended March 31, 2018 to 20.44 per cent for the financial year ended March 31, 2019.

Finance Cost has been decreased to ₹ 343.54 lakhs for the financial year 2018-19 compared to ₹ 494.07 lakhs for the previous year. Depreciation and Amortization stood at ₹ 238.34 lakhs for the financial year 2018-19 compared to ₹ 249.50 lakhs for the previous year.

(₹ in Lakhs)

Particulars	F.Y. 2018-19	F.Y. 2017-18
Total Revenues from Operation	22,835.35	21,700.24
Revenues from Exports	16,955.43	11,683.23
PBDIT	4,666.64	3,178.77
PAT	2,905.52	1,563.21
Earnings per share	5.82	3.13

During the current financial year 2019-20, 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 bottom line on the back of planned austerity measures and optimum resource management.

The Company's performance with regard to the export manufacturing sales volumes, improved in the financial year 2018-19 to 76 per cent of total sales from 56 per cent of total sales in previous year. Domestic manufacturing sales grew by 3 per cent however, domestic trading turnover decreased to 18 per cent for the financial year 2018-19 from 41 per cent for previous financial year. The Company's main focus is on manufacturing activities and trading is not the focus area of business. Hence, the Company has reduced the trading activities. This is the main reason of increase in export and reduction in domestic trading turnover. 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 5.23 per cent as compared to the previous year whereas the other income has also increased by 44.29 per cent as compared to the previous year.

Environmental & Hazardous Safety and Quality Assurance:

Vidhi commits itself to ethical and sustainable operation and development in all business activities. Sustainability enhances innovative ways to do business. This is a necessary prerequisite for value creation. Sustainability at the Company is an integral part of the way we work and this helps the Company to position itself in the sustainable market, build a competitive advantage through differentiation, support profitable growth, create added value for stakeholders, build brand image and reputation and anticipate and mitigate risk.

Our ability to treat customers, employees, neighbors 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. The Company takes initiatives to reduce environment, health and safety risks in the production, storage, distribution, use of products and disposal of waste. These include efficient use of energy and resources and continuous improvement of our processes to minimize the impact of our activities on the environment.

As your Company deals with chemicals and is 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 by improving 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 Company has a system of internal controls to ensure that all its assets are properly safeguarded and not exposed to risks arising out of unauthorized use or disposal. The Internal Control System is supplemented by programs of internal audit to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The Internal Control System also focuses on processes to ensure integrity of the Company's financial accounting and reporting processes and compliance with the Company's legal obligations. The Company has a well-defined risk management programme for identifying and mitigating risks across all the functions which is reviewed by the Audit Committee and Board of Directors of the Company periodically.

The Company has an Audit Committee of the Board of Directors which meets regularly to review inter alia risk management policies, adequacies of internal controls, the audit findings on the various segments of the business, the financial information and other issues related to the Company's operations. The Internal Auditors along with finance team plans the audit schedule for the year in consultation with CFO and the Audit Committee. The Audit Committee of the Board approves the internal audit plan at the start of every financial year to ensure the coverage of most of the functions with a view to minimise associated risks. Independent external teams have been engaged 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 regularly reviews the major findings of the internal audits with respect to different locations and functions to help take effective steps in ensuring compliance.

Human Resources:

Performance measurement is a fundamental principle of the Management. The measurement of performance is important because it identifies performance gaps between current and desired performance and provides indication of progress towards closing the gaps. The Company believes that human resources are a critical factor for its growth. The Company invests in its employees for the growth of their skills and talents so as to meet the growth aspirations of the business. The emphasis is on grooming in-house talent enabling them to take on larger responsibilities. The Senior Management team spends considerable time in reviewing the existing talent base and processes used for honoring the skills of the members in the talent pool and assessing their preparedness for taking on new assignments.

Compensation and benefits packages have always been pivotal to retaining and motivating employees. To remain competitive in compensation and rewards offered, continual efforts were made to make compensation and benefits flexible and market-linked.

The relations with the employees and workers remained cordial and harmonious throughout the year. The Company had total work force of 76 as on March 31, 2019.

Details of significant changes in key financial ratios (i.e. change of 25% or more as compared to the immediately previous financial year):

	F. Y. 2018-19	F. Y. 2017-18	% Change
Debtors Turnover	3.58	3.47	3.11%
Inventory Turnover	6.28	5.93	5.93%
Interest Coverage Ratio	13.58	6.43	111.14%
Current Ratio	2.20	1.77	24.53%
Debt Equity Ratio	0.68	1.02	-33.77%
Operating Profit Margin (%)	21.05%	15.49%	35.87%
Net Profit Margin (%)	13.14%	7.47%	76.05%
Return on Net worth (%)	28.85%	20.41%	41.35%

Reason for change in 25% or more in key financial ratios as compared to the immediately previous financial year:

- a) **Interest Coverage Ratio:** During the year under Report, Company's interest coverage ratio improved to 13.58 times against 6.43 times in previous financial year. This was due to reduction in finance cost by 30.47%.
- b) **Debt Equity Ratio:** The debt-equity ratio of the Company improved to 0.68 against 1.02 in previous year. The improvement in Debt Equity Ratio is due to increase in Other Equity in view of enhanced profitability.
- c) **Operating Profit Margin (%):** Operating profit margins improved to 21.05% as against 15.49% in previous year. The said increase in Operating Margin was due to improvement in performance.
- d) **Net Profit Margin (%):** The net profit margin was 13.14% compared to 7.47% in previous financial year. The said increase was on account of higher net profits.
- e) **Return on Net worth (%):** The return on Net Worth was increased to 28.85% compared to 20.41% in previous financial year. The said increase was on account of higher net profits in the financial year 2018-19.

Cautionary Statement

Certain statements under 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

INDEPENDENT AUDITOR’S REPORT

**To the Members of Vidhi Specialty Food Ingredients Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying Ind-AS financial statements of **Vidhi Specialty Food Ingredients Limited (“the Company”)**, which comprises of the Balance Sheet as at 31 March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended, a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements gives a true and fair view in conformity, with the aforesaid accounting standard and other accounting principles generally accepted in India prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Sr. No.	Key Audit Matter	Auditor’s Response
1.	<p>Inventory Existence: The Company recognized inventory of Rs.3,528.07 Lakhs as at 31 March 2019.</p> <p>Within each location, inventory is stored in packet, drums at factory and third party locations.</p> <p>This is a key audit matter because of the</p> <ul style="list-style-type: none"> • Significance of the inventory balance to the statement of financial position and • Complexity involved in determining inventory quantities on hand due to the number, conversion from Ltr. to Kgs., location and diversity of inventory storage locations, inventories lying with third parties etc. 	<p>We attended inventory counts at factory, which we selected based on financial significance and risk</p> <p>We performed the following procedures at each site:</p> <ul style="list-style-type: none"> • Selected a sample of inventory items and compared the quantities we counted; • Observed a sample of managements inventory count procedures to assess compliance with Company Policy and • Made enquiries regarding obsolete inventory items and inspected the condition of items counted. <p>We have also evaluated a selection of controls over inventory existence across the Company. Also obtained confirmation for inventories held with third parties.</p>

2.	<p>Trade Receivables:</p> <p>Trade receivables comprise a significant portion of the current assets of the Company and serve as security for a majority of the Company short-term debt. As indicated in Note 4.2 to the financial statements. The receivables provision has made based on Expected Credit Loss method. Accordingly, the estimation of the allowance for trade receivables is a significant judgement area and is therefore considered a key audit matter.</p>	<p>We assessed the validity of material long outstanding receivables by obtaining third-party confirmations of amounts receivable. We also considered payments received subsequent to year-end, insurance held for overseas trade receivables, past payment history and unusual patterns to identify potentially impaired balances. The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures across the Company including:</p> <ul style="list-style-type: none"> ● Assessing the appropriateness and reasonableness of the assumptions applied in the managements' assessment of the receivables allowance; ● Consideration of the creditworthiness of significant trade receivables over 90 days; ● Consideration and concurrence of the agreed payment terms; ● Verification of receipts from trade receivables subsequent to year-end; ● Inspection of credit insurance policies; and ● Considered the completeness and accuracy of the disclosures. <p>To address the risk of management bias, we evaluated the results of audit procedures on other key balances to assess whether or not there was an indication of bias. We were satisfied that the Company's trade receivables are fairly valued and adequately provided. We further considered whether the provisions were misstated and concluded that they were appropriate in all material respects, and disclosures related to trade receivable in the financial statements are appropriate.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the 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 financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, read with relevant rules issued thereunder. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act, 2013, we give in the "Annexure B" 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 purposes 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid financial statements comply with the specified relevant accounting standard, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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, as amended, 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 financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company.

For **JMR & Associates LLP**
Chartered Accountants
Firm Registration No. 106912W / W100300

sd/-
CA. Nikesh Jain
Partner
Membership No. 114003

Place: Mumbai
Date: May 21, 2019

“Annexure B”

To the Independent Auditors’ Report on the financial statements of Vidhi Specialty Food Ingredients Limited for the year ended 31st March, 2019

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Vidhi Specialty Food Ingredients Limited** of even date.)

- i. In respect of property, plant and equipment:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - b) As informed to us, the property, plant and equipment have been physically verified by the management during the period according to a phased programme. In our opinion, such programme is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification by the management.
- ii. In respect of its 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. The Company has not granted loans, secured or unsecured, to companies, firms, limited liability partnerships 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 Para 3 of the Order are not applicable to the Company.
- iv. The Company has not granted any loan under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act, with respect to the investment and guarantees. The Company has neither given any security nor given any loans during the year.
- 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 Para 3 of the Order are 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, Employees’ State Insurance, Income-tax, Goods and Service tax, cess or /and any other material statutory dues wherever applicable.
 - b) Also, according to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2019 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 Income-tax, Custom duty, Goods and Service tax, Cess or/and any other material statutory dues wherever applicable, which have 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. The Company did not have any borrowings from financial institutions, government or dues to debenture holders.
- ix. Based on our audit procedures and on the basis of 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) during the year. According to the information and explanations given to us, the Company did not raise any money by way of term loans.
- 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, the provisions of Clause (xii) of Para 3 of the Order are 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 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, requiring compliance with Section 192 of the Companies Act.
- 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 LLP**
Chartered Accountants
Firm Registration No. 106912W / W100300

sd/-
Nikesh Jain
Partner
Membership No. 114003

Place: Mumbai
Date: May 21, 2019

“Annexure A”**To the Independent Auditors’ Report on the financial statements of Vidhi Specialty Food Ingredients Limited for the year ended 31 March, 2019**

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Vidhi Specialty Food Ingredients Limited** of even date)

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 31 March 2019 in conjunction with our audit of the 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 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 on Audit of Internal Financial Controls over Financial Reporting (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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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 and to the best of our information and according to the explanations given to us, the Company, have 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 31 March, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **JMR & Associates LLP**
Chartered Accountants
Firm Registration No. 106912W / W100300

sd/-
Nikesh Jain
Partner
Membership No. 114003

Place: Mumbai
Date: May 21, 2019

BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Lakhs)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
Assets			
1. Non-current assets			
(a) Property, Plant and Equipment	3	3,086.39	2,927.40
(b) Capital work-in-progress		-	-
(c) Investment property		-	-
(d) Intangible Assets		-	-
(e) Financial Assets		-	-
(i) Investments	4.1	1.58	-
(ii) Loans		-	-
(iii) Others		-	-
(f) Other non-current assets	6	22.67	28.37
Total Non Current Assets		3,110.65	2,955.77
2. Current assets			
(a) Inventories	7	3,528.07	3,458.86
(b) Financial Assets		-	-
(i) Investments		-	-
(ii) Trade Receivables	4.2	6,189.93	5,907.24
(iii) Cash and cash equivalents	4.4	1,811.26	770.84
(iv) Bank Balances other than (iii) above	4.5	38.79	45.57
(v) Loans	4.3	31.65	26.94
(vi) Others	4.6	101.78	114.54
(c) Current Tax Assets (Net)	13	-	-
(d) Other Current Assets	8	2,138.40	2,243.63
(e) Assets classified as held for sale		-	-
Total Current Assets		13,839.87	12,567.62
Total Assets		16,950.52	15,523.39
Equity and Liabilities			
Equity			
(a) Equity Share Capital	9	500.20	500.20
(b) Other Equity	10	9,599.80	7,168.88
Total Equity		10,100.00	7,669.08
Liabilities			
1. Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	11.1	276.01	432.75
(b) Provision	12	33.86	31.93
(c) Deferred tax liabilities (Net)	5	255.71	282.27
(d) Other non-current liabilities		-	-
Total Non -current Liabilities		565.58	746.95
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	11.2	3,940.46	3,778.81
(iii) Trade payables - MSME	11.4	68.02	-
(ii) Trade payables - other than MSME	11.3	1,758.72	2,769.32
(iii) Other financial liabilities	11.5	279.67	391.94
(b) Provisions	12	11.24	13.39
(c) Current tax liabilities (Net)	13	61.34	92.67
(d) Other current liabilities	14	165.49	61.23
Total Current Liabilities		6,284.94	7,107.36
Total Equity and Liabilities		16,950.52	15,523.39
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 LLP

Chartered Accountants

Firm Registration No. 106912W/W100300

For and on behalf of the board of directors of

Vidhi Specialty Food Ingredients Limited

CA. Nikesh Jain

Partner

Membership No: 114003

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Mitesh D. Manek

Chief Financial Officer

Sherry Jain

Company Secretary

Mumbai, May 21, 2019

Mumbai, May 21, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

Particulars	Notes	Current Year 31 March 2019	Previous Year 31 March 2018
Income			
Revenue from operations	15	22,835.35	21,700.24
Other income	16	58.80	40.75
Total Income		22,894.15	21,740.99
Expenditure			
Cost of material consumed	17(a)	11,066.28	7,148.47
Purchase of traded goods	17(b)	3,359.26	6,430.82
Change in inventories of traded goods and finished goods	17(c)	109.06	915.26
Excise duty		-	445.22
Employee benefits expense	18	671.86	544.79
Finance costs	19	343.54	494.07
Depreciation and amortisation expense	20	238.34	249.50
Other expenses	21	3,021.05	3,077.66
Total Expenses		18,809.39	19,305.79
Profit for the year before tax		4,084.76	2,435.20
Tax expenses			
Current tax	22	1,197.00	851.68
Deferred tax	22	(17.76)	7.79
Short/(excess) provision of tax relating to earlier years		-	12.52
Total tax expenses		1,179.24	871.99
Profit for the year from continuing operations		2,905.52	1,563.21
Other Comprehensive Income			
i) Items that will not be reclassified subsequently to profit or loss		8.80	1.89
ii) Income tax related to above		(0.23)	-
Other Comprehensive Income		8.57	1.89
Total Comprehensive Income		2,914.09	1,565.10
Earnings per share for profit from continuing operations:			
Basic Earnings per share		5.82	3.13
Diluted Earnings per share		5.82	3.13
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 LLP
Chartered Accountants
Firm Registration No. 106912W/W100300

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited

CA. Nikesh Jain
Partner
Membership No: 114003

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Sherry Jain
Company Secretary

Mumbai, May 21, 2019

Mumbai, May 21, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

Particulars	Notes	Current Year 2018-19	Previous Year 2017-18
Cash flow from Operating activities			
Profit before Income tax		4,084.76	2,446.49
Adjustments for :			
Provision for Dimunition		-	0.15
Depreciation		238.34	249.50
Finance Cost		343.54	494.07
Sundry Balance Written Back		(1.05)	(5.74)
Sundry Balance Written Off		(24.58)	5.55
Loss on Sale of Asset		-	(28.71)
Interest income		(32.87)	(0.12)
Dividend income		-	-
Proceeds on Maturity of Keymen Policy		(16.99)	-
Interest on DDT paid		9.41	0.16
Adjustment for Other Comprehensive Income		8.80	(1.50)
Expected Credit loss		8.65	-
Interest on MSME		0.31	-
Operating profit before Working Capital changes		4,618.32	3,159.85
(Increase) / Decrease in Trade Receivables		(266.76)	204.59
(Increase) / Decrease in Inventories		(69.20)	606.40
Increase / (Decrease) in Trade payables		(941.84)	40.88
(Increase) / Decrease in Financial Assets - Loans		(4.71)	5.61
(Increase) / Decrease in Financial Assets - Others		15.60	(6.81)
(Increase) / Decrease in Financial Assets - Other non-current assets		5.70	1.49
(Increase) / Decrease in Financial Assets - Other current assets		105.25	281.68
Increase / (Decrease) in Short Term Provisions		(77.88)	13.39
Increase / (Decrease) in Current Tax Liabilities		(31.34)	(261.57)
Increase / (Decrease) in Other financial liabilities		(112.28)	31.23
Increase / (Decrease) in Other current liabilities		104.26	13.70
Net changes in Working Capital		(1,273.20)	930.59
Cash generated from Operations		3,345.12	4,090.44
Direct taxes paid		(1,137.77)	(771.52)
Net cash Inflow / (Outflow) from operating activities [A]		2,207.35	3,318.92
Cash flow from Investing activities			
Purchase of Fixed Assets		(397.34)	(187.92)
Sale of Fixed Assets		-	4.00
Dividend received		-	0.12
Interest received		30.04	28.71
Sale proceeds of Invstments		-	5.85
Proceeds on Maturity of Keymen Policy		16.99	-
Investment		(1.58)	-
Net cash Inflow / (Outflow) from Investing activities [B]		(351.89)	(149.24)

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

Cash flow from Financing activities		
Dividend paid	(483.17)	(483.17)
Finance Cost	(343.54)	(494.07)
Proceeds / (Repayment) of Long Term Borrowings	(156.74)	132.27
Proceeds / (Repayment) of Short Term Borrowings	161.65	(2,036.97)
Net cash Inflow / (Outflow) from Financing activities [C]	(821.80)	(2,881.94)
Net Increase / (Decrease) in cash and cash equivalents [A+B+C]	1,033.66	287.74
Cash and cash equivalents at the beginning of the year	816.40	528.67
Cash and cash equivalents at the end of the year	1,850.06	816.41

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 2019	Year ended 31 March 2018
Balances with banks		
- in current accounts	1,804.91	765.58
- in dividend accounts	23.36	21.03
Bank Balance other than cash and cash equivalents	15.42	24.53
Cash on hand	6.35	5.25
Balance as per statement of Cash Flows	1,850.06	816.41

The accompanying notes are an integral part of the financial statements

As per our report of even date

For JMR & Associates LLP

Chartered Accountants

Firm Registration No. 106912W/W100300

For and on behalf of the board of directors of

Vidhi Specialty Food Ingredients Limited

CA. Nikesh Jain

Partner

Membership No: 114003

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Mitesh D. Manek

Chief Financial Officer

Sherry Jain

Company Secretary

Mumbai, May 21, 2019

Mumbai, May 21, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Share Capital

(₹ in Lakhs)

Particulars	Amount
As at 01 st April, 2017	500.20
Changes in Equity share capital	-
AS at 31 st March, 2018	500.20
Changes in Equity share capital	-
AS at 31 st March, 2019	500.20

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Total Other Equity
	General Reserve	Retained Earnings	
Balance at 01-Apr-2017	702.95	5,377.77	6,080.72
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)
Gratuity Payable	-	-	-
Defered Tax Liability	-	-	-
Other Comprehensive Income	-	0.11	0.11
Total Comprehensive Income for the year	-	0.11	0.11
Balance at 31-Mar-2018	860.08	6,308.79	7,168.87
Balance at 01-Apr-2018	860.08	6,308.79	7,168.87
Transfer to General Reserve	291.41	(291.41)	-
Profit for the year	-	2,905.52	2,905.52
Dividend and DDT paid	-	(483.17)	(483.17)
Other Comprehensive Income	-	8.57	8.57
Total Comprehensive Income for the year	-	8.57	8.57
Balance at 31-Mar-2019	1,151.49	8,448.30	9,599.79

The accompanying notes are an integral part of the financial statements

As per our report of even date
For JMR & Associates LLP
Chartered Accountants
Firm Registration No. 106912W/W100300

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited

CA. Nikesh Jain
Partner
Membership No: 114003

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Sherry Jain
Company Secretary

Mumbai, May 21, 2019

Mumbai, May 21, 2019

NOTES FORMING PART OF IND AS FINANCIAL STATEMENTS

(1) 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.

(2) 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.

Effective 1st April 2017, the company has adopted Ind AS and adoption was carried out in accordance with Ind AS 101 *first time adoption of accounting standard*, with 1st April, 2016 as the transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(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 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.

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 1 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.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised 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 de-recognised 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.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 3 Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Leasehold Land	Freehold Land	Factory Building	Administrative Building	Furniture and Fixtures	Office Premises	Office Equipments	Plant and Machinery	Electrical Installation	Computers	Telephones	Vehicles	Total
Gross Block At 31st March 2017	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
Additions during the year	-	-	-	-	-	-	0.60	172.29	-	5.77	-	9.27	187.92
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-21.29	-21.29
At 31st March 2018	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	3,384.00
Additions during the year	-	-	16.73	-	-	-	-	376.31	4.30	-	-	-	397.34
Disposals during the year	-	-	-	-	-	-	-	-	-	-5.77	-	-	-5.77
At 31st March 2019	30.77	3.75	1,053.96	18.57	0.49	277.36	6.86	2,119.38	135.76	0.14	0.60	127.93	3,775.58
Accumulated Depreciation At 31st March 2017	0.42	-	41.54	1.56	0.15	9.61	0.76	126.50	19.09	0.08	0.48	18.66	218.84
Additions 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 during the year	-	-	-	-	-	-	-	-	-	-	-	-11.73	-11.73
At 31st March 2018	0.84	-	84.62	3.13	0.25	19.22	2.06	275.50	38.18	0.38	0.59	31.84	456.61
Depreciation during the year	0.48	-	42.95	1.56	0.10	9.61	1.25	140.44	19.23	0.01	0.02	22.95	238.60
Disposals during the year	-	-	-	-	-	-	-	-	-	-0.26	-	-	-0.26
At 31st March 2019	1.32	-	127.57	4.69	0.35	28.83	3.31	415.94	57.41	0.14	0.60	54.79	694.95
Net Block At 31st March 2018	29.93	3.75	952.61	15.44	0.24	258.14	4.80	1,467.58	93.28	5.53	0.01	96.09	2,927.39
At 31st March 2019	29.45	3.75	926.39	13.88	0.14	248.53	3.55	1,703.44	78.35	-	-	73.14	3,080.63
Capital Work In Progress													5.77

Financial Assets

4.1 Non Current Investments

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Investments in Equity Instruments		
Quoted		
10,057 (31 March 2018: 10,057) Equity shares Ontrack Systems Limited	0.15	0.15
Less: Provision for Diminution of Equity shares Ontrack Systems Limited	(0.15)	(0.15)
Total	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Unquoted		
Nil (31 March 2018: Nil) Equity shares of Arjun Food Colorants Mfg Pvt Ltd (Paid towards stamp duty for Investment in Company)	1.58	-
Total	1.58	-
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	1.58	-
Aggregate amount of impairment in the value of investments	-	-

4.2 Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
<u>Trade receivables (Unsecured, considered good)</u>		
Trade receivables	6,189.93	5,907.24
Total	6,189.93	5,907.24
Less: Allowance for bad and doubtful debts		-
Total receivables	6,189.93	5,907.24
Current portion	6,189.93	5,907.24
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 Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
<u>Balances with banks</u>		
In current accounts	1,804.91	765.58
Cash on hand	6.35	5.25
Total Cash & Cash Equivalents	1,811.26	770.83

4.4 Bank Balances other than Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Earmarked Balances with Bank		
Unpaid dividend accounts	23.36	21.03
Bank deposit with original maturity of more than 3 months but less than 12 months*	15.42	24.53
Total Bank Balances other than cash & cash equivalents	38.78	45.56

* Deposits are lying against Overdraft Facility, LC Margin and Bank Gaurantees.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

4.5 Loans

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Unsecured, considered good		
Loans and advances to employees	31.65	26.94
Other advances	-	-
Total Current Loans	31.65	26.94

4.6 Other financial assets

Current

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Accrued Interest	21.65	18.82
Security Deposits	77.71	74.04
Others	2.42	21.69
Total other financial assets	101.78	114.55

5 Deferred tax Liability / (Assets)

The balance comprises temporary differences attributable to:

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Deferred tax liabilities on account of:		
- Depreciation on property, plant and equipments	274.37	287.05
- Deferred Tax OCI	0.07	-
	274.44	287.05
Deferred tax asset on account of:		
Provision for Bonus	5.03	-
Interest on MSME	0.09	-
Debtors ECL	2.52	-
Gratuity	9.86	2.55
Deferred Tax OCI	-	2.22
Others	1.23	-
	18.73	4.77
Net Deferred Tax Liability (Net)	255.71	282.28

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Movement in Deferred Tax Liability / (Assets)

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Opening Balance	282.27	273.69
Deferred Tax Liability		
Recognised in Profit or Loss	28.52	19.96
Recognised in Other comprehensive Income	-	0.06
Deferred Tax Asset		
Recognised in Profit or Loss	(46.28)	(8.88)
Recognised in Other comprehensive Income	(8.80)	-
Recognised due to restatement	-	(2.55)
Net Deferred tax Liability / (Assets)	255.71	282.28

6 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Advances other than Capital Advances		
Long Term Prepaid Expenses	22.67	28.37
Total Other Non-Current Assets	22.67	28.37

7 Inventories

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Raw Materials	1,267.43	1,084.42
Work-In-Progress	748.46	584.49
Finished Goods	814.30	816.11
Traded Goods	652.67	923.89
Packaging Material	19.92	24.51
Stock in transit (RM)	25.29	25.44
Total Inventories	3,528.07	3,458.86

Note: There is a Charge in favour of HDFC Bank and Vijaya Bank by way of hypothecation of fully insured raw materials, work in progress and finished goods comprising of food colours and other material.

8 Other current assets

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Advance other than capital advances		
Advance to Suppliers	465.99	886.71
Others:		
Prepaid Expenses	27.16	46.39
Deposits /Balance with statutory/government authorities	1,258.24	901.12
Export Incentives Receivables	385.06	407.46
Refund of Wealth Tax AY 12-13	1.95	1.95
Total other current assets	2,138.40	2,243.63

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

9 Equity Share capital

Authorised equity share capital

(₹ in Lakhs)

Particulars	Number of Shares of Rs 1 each	Equity Share Capital
As at 1 April 2017	600.00	600.00
Increase during the year	-	-
As at 31 March 2018	600.00	600.00
Increase during the year	-	-
As at 31 March 2019	600.00	600.00

Issued share capital

(₹ in Lakhs)

Particulars	Number of Shares of Rs 1 each	Equity Share Capital
As at 1 April 2017	500.34	500.34
Increase during the year	-	-
As at 31 March 2018	500.34	500.34
Increase during the year	-	-
As at 31 March 2019	500.34	500.34

(i) Subscribed and fully paid up

(₹ in Lakhs)

Particulars	Number of Shares of Rs 1 each	Equity Share Capital
As at 1 April 2017	499.45	499.45
Increase during the year	-	-
As at 31 March 2018	499.45	499.45
Increase during the year	-	-
As at 31 March 2019	499.45	499.45

(i) Subscribed but not fully paid share capital

(₹ in Lakhs)

Particulars	Number of Shares of Rs 1 each	Equity Share Capital
Forfeited Shares	0.75	0.75

Total Subscribed share capital

(₹ in Lakhs)

Particulars	Number of Shares of Rs 1 each	Equity Share Capital
As at 1 April 2017	500.20	500.20
As at 31 March 2018	500.20	500.20
As at 31 March 2019	500.20	500.20

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Terms and Right Attached to Equity Shares:

The Company has only one class of equity shares having a par value of INR 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

No of shares (₹ in Lakhs)

Name of Holders	As at March 31 2019	As at March 31 2018
Bipin M. Manek	141.10	141.10
Pravina B. Manek	179.91	179.91

Percentage of Holding

Name of Holders	As at March 31 2019	As at March 31 2018
Bipin M. Manek	28.25%	28.25%
Pravina B. Manek	36.02%	36.02%

10 Reserves and Surplus (₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
General Reserve	1,151.49	860.08
Retained earnings	8,448.31	6,308.79
Reserves and Surplus	9,599.80	7,168.87

(i) General Reserves (₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Opening balance	860.08	702.95
Additions for the year	291.41	157.13
Closing Balance	1,151.49	860.08

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.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

(ii) Retained Earnings

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Opening balance	6,308.79	5,377.77
Surplus for the year	2,905.52	1,571.21
Other Comprehensive Income for the Year	8.57	0.11
Transfer to General Reserve	(291.41)	(157.13)
Dividend	(399.56)	(399.56)
Dividend Distribution Tax	(83.61)	(83.61)
Closing Balance	8,448.30	6,308.79

Dividends:

The following dividend were declared and paid by the Company during the year :

(₹ in Lakhs)

Particulars	March 31 2019	March 31 2018
INR 0.80 per equity share (31 March 2019: INR 0.80)	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 meeting; the dividends have not been recognised as liabilities. Dividend would attract dividend distribution tax when declared or paid.

Particulars	March 31 2019	March 31 2018
INR 0.20 per equity share (31 March 2018: INR 0.20)	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 at March 31 2019	As at March 31 2018
Secured		
Term Loans		
From Banks*	380.82	534.33
From Others**	76.73	79.96
Non-current Borrowings	457.55	614.29
Less: Current maturities of long-term debt	181.54	181.54
Total Non-current Borrowings	276.01	432.75

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Particulars	Rate of Interest	Maturity Date	Terms of Repayment
From Banks*			
Standard Chartered Bank	10.75%	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 at March 31 2019	As at March 31 2018
Loans repayable on demand		
Secured		
From Banks	-	-
Working Capital Loans	3,940.46	3,778.81
Total Current borrowings	3,940.46	3,778.81

(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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

- ii) **Term Loans from Bajaj Allianz 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 MSME (₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Current		
Trade Payables	68.02	-
Total trade payables - from MSME	68.02	-

11.4 Trade Payables - from other than MSME (₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Current		
Trade Payables	1,758.72	2,769.32
Total trade payables - from other than MSME	1,758.72	2,769.32

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

11.5 Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Current		
Current maturities of long-term debt	181.54	181.54
Outstanding statutory liabilities	19.94	97.85
Unpaid dividend	23.39	21.05
Outstanding Expenses	49.95	88.11
Other liabilities	4.85	3.39
Other Current Financial Liabilities	279.67	391.94

12 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Provision For Bonus	11.24	13.39
Total Current Provisions	11.24	13.39

Non-current

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Provision for Gratuity	33.86	31.93
Total Non-Current Provisions	33.86	31.93

Post-employment obligations:

Defined contribution plans:

The Company makes Provident Fund contributions, Employers Contribution to Employees' State Insurance and Maharashtra Labour Welfare Fund which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Provident Fund, Employers Contribution to Employees' State Insurance and Maharashtra Labour Welfare Fund contributions amounting to ₹ 11.69 Lacs (31 March 2018: ₹ 11.02 Lacs) have been charged to the Statement of Profit and Loss. The contributions payable to this plan by the Company is at rates specified in the rules of the scheme.

The Company has a defined benefit gratuity plan. Every employee who has completed continuous service for five years or more gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

Defined benefit obligation

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Opening Defined Benefit Obligation	56.41	45.90
Current service cost	3.12	2.82
Past Service cost	-	6.99
Interest expense/(income)	4.18	3.22
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(1.46)	(2.70)
Due to change in demographic assumption	(0.04)	-
Due to experience adjustments	1.83	0.18
Benefit payments	-	-
Closing Defined Benefit Obligation	64.04	56.41

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Plan Assets

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Opening value of Plan Assets	24.47	22.73
Interest expense/(income)	1.96	1.74
Return on plan assets, excluding amounts included in interest expense/(income)	0.10	(0.01)
Contributions by employer	3.64	-
Closing Value of Plan Assets	30.17	24.46

The net liability disclosed above relates to funded and unfunded plans are as follows:

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Present value of funded obligations	64.03	56.41
Fair value of plan assets	30.17	24.47
Deficit of funded plan	33.86	31.94
Unfunded plans	-	-
Deficit of gratuity plan	-	-

Profit & Loss Expense

The expenses charged to the profit & loss account for period along with the corresponding charge of the previous period is presented in the table below:

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Current Service Cost	3.12	2.82
Past Service Cost	-	6.99
Admin Expenses	-	-
Interest on net defined benefit liability/(asset)	2.22	1.48
(Gain) /Losses on Settlement	-	-
Total Expenses charged to P&L A/c	5.34	11.29

The significant actuarial assumptions were as follows:

Particulars	31 March 2019	31 March 2019
Discount Rate (p.a.)	7.75%	7.55%
Salary Escalation Rate (p.a.)	7.00%	7.00%

Sensitivity Analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Discount rate Sensitivity

(₹ in Lakhs)

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Particulars	As at March 31 2019	As at March 31 2018
Increase by 0.5%	60.57	53.25
	-5.41%	-5.60%
Decrease by 0.5%	67.76	59.81
	5.82%	6.03%

Salary growth rate Sensitivity

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Increase by 0.5%	66.95	58.99
	4.55%	4.58%
Decrease by 0.5%	61.29	53.98
	-4.28%	-4.30%

13 Current Tax Liabilities

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
"Provision for tax [Net of Advance Tax of INR 1125 Lacs (2018 - 735 Lacs)]"	61.34	92.67
Total Current Tax Liability	61.34	92.67

14 Other current liabilities

(₹ in Lakhs)

Particulars	As at March 31 2019	As at March 31 2018
Advance from customers	165.49	61.23
Bank balance overdrawn	-	-
Other current liabilities	165.49	61.23

15 Revenue from Operations

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Sale of products (including excise duty)		
Manufactured goods	18,222.78	12,437.42
Traded goods	3,949.11	8,527.26
	22,171.89	20,964.68
Other operating revenue		
Export Incentive	440.79	316.23
Net gain on foreign currency transaction and translation	222.66	419.33
	663.45	735.56
Total revenue from continuing operations	22,835.34	21,700.24

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

16 Other Income

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Interest received	32.58	28.71
Dividend received	-	0.12
Claim received for Loss	-	1.50
Proceeds on maturity of keymen policy	16.99	-
Interest on late payment from debtors	0.07	1.55
Interest on loan given	0.22	-
Lifting charges	6.18	1.63
Interest on FV of rent deposit	1.71	1.49
Sundry balances written back	1.05	5.74
Total other income	58.80	40.74

17(a) Cost of materials consumed

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
(i) Opening Stock		
Raw materials and Packing material	1,108.94	804.14
Stock in Transit	25.44	21.38
(ii) Add: Purchases		
Raw materials	10,032.12	6,583.40
Packing material	330.01	297.95
Fuel	270.52	182.66
(iii) Less: Closing Stock		
Raw Material and Packing Materials	1,287.35	1,108.94
Stock in transit	25.29	25.44
Labour Charges	611.89	393.31
Total	11,066.28	7,148.46

17(b) Purchase of stock in trade

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Traded goods	3,359.26	6,430.82
Total	3,359.26	6,430.82

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

17(c) Changes in inventories of work-in-progress, stock-in-trade and finished goods (₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
(i) Manufactured finished goods		
Opening stock	816.11	658.05
Less: Closing stock	814.30	816.11
	1.81	(158.06)
(ii) Work-in-progress		
Opening stock	584.49	502.96
Less: Closing stock	748.46	584.49
	(163.97)	(81.53)
(iii) Traded goods		
Opening stock	923.89	2,078.73
Less: Closing stock	652.67	923.89
	271.22	1,154.84
Total	109.06	915.25

18 Employee benefit expense (₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Factory Salaries and Wages	254.58	218.85
Bonus	17.26	28.82
Remuneration & Commission to Directors	345.00	240.35
Contribution to Provident and Other Funds	10.47	22.28
ESIC	1.19	-
Staff Welfare Expenses	43.36	34.49
Total employee benefit expense	671.86	544.79

19 Finance cost (₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Interest on Long Term Borrowings	30.04	44.28
Interest on Short Term Borrowings	31.67	56.78
Interest on Bill Discounting and PCL	208.42	306.32
Bank Processing Charges	63.25	66.43
Loan Processing Charges	10.16	20.25
Total finance cost	343.54	494.06

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

20 Depreciation and amortisation expense (₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Depreciation on property, plant and equipment	238.34	249.50
Total Depreciation and Amortisation Expense	238.34	249.50

21 Other expenses (₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
a) Manufacturing and operating expenses		
Anti-dumping duty	30.91	155.38
Clearing and forwarding	83.69	163.96
Effluent treatment charges	38.65	43.19
Freight and octroi charges	186.95	166.32
Insurance charges	9.58	10.55
Power charges	530.22	473.04
Professional and consultancy fees	7.07	9.83
Repairs and maintenance	-	-
- Buildings	24.92	19.08
- Plant and machinery	415.67	355.17
- Others	116.57	112.58
Stores and spares consumed	210.81	154.78
Warehousing charges	28.58	43.65
Import charges	22.42	80.99
Miscellaneous manufacturing and operating expenses	184.11	204.46
	1,890.15	1,992.98
b) Administrative expenses		
Agency charges	21.59	23.69
Provision for diminution in value of investments	-	0.15
Keyman insurance premium	14.02	10.94
Printing and stationery	34.83	30.20
Payments to Auditors (refer note 21.1)	13.03	8.00
Communication expenses	6.24	6.26
Electricity expenses	3.33	3.39
Rent rates and taxes	15.38	95.51
Professional and consultancy charges	46.98	26.76
Donation	5.77	1.21
Listing fees	5.90	5.36
Travelling charges	16.59	7.94
Commission	90.00	90.00
Director sitting fees	1.10	1.28
Swachh bharat cess	-	0.69
Interest on others	0.97	7.54
Corporate social responsibility (refer note 21.2)	50.00	40.00
Miscellaneous administrative expenses	84.43	118.94
	410.16	477.86

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

c) Selling and distribution expenses		
Advertisement	3.01	4.47
Business promotion	37.70	31.51
Clearing and forwarding(S)	4.81	2.75
Commission expenses	63.99	52.12
E. C. G. C. premium	11.64	14.88
Exhibition and trade fair expenses	31.39	23.47
Foreign travelling expenses	19.09	16.86
ISI / FDA marketing fees	164.03	94.25
Freight and octroi charges	246.60	240.91
Terminal handling charges	70.56	68.45
Packing and forwarding	26.45	24.61
Miscellaneous distribution and selling expenses	41.48	32.52
	720.75	606.80
Total other expenses	3,021.06	3,077.64

21.1 Details of payment to auditors

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Payment to auditors		
As Auditor:		
Audit fee	8.00	7.50
Tax audit fee	4.00	-
In other capacities:		
Certification fees	-	-
Others	1.03	0.50
Total payments to auditors	13.03	8.00

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 ₹ 47.13 Lacs (PY - ₹ 43.55 Lacs) and actually spent by the Company during the year is ₹ 50 Lacs (PY- ₹ 40 Lacs), the details of which is as given below:

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Construction/ acquisition of any asset		-
For Educational activity for the benefit of the student	50.00	40.00
Total corporate social responsibility expenditure	50.00	40.00

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

22 Income Tax Expense

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Income tax expense		
Current tax		
Current tax on profits for the year	1,197.00	851.68
Adjustments for current tax of prior periods	-	12.52
Total current tax expense	1,197.00	864.20
Deferred tax	-	-
Deferred tax expense/(income)	(17.76)	11.08
Total deferred tax expense/(income)	(17.76)	11.08
Income tax expense	1,179.24	875.28
Income tax expense is attributable to:		
Profit from continuing operations	1,179.24	875.28
Profit from discontinued operation	-	-

Reconciliation of Tax Expense and the accounting profit multiplied by India's Tax rate

(₹ in Lakhs)

Particulars	Current Year 2018-19	Previous Year 2017-18
Profit from Continuing operations before Income tax expense	4,084.76	2,446.49
Profit from discontinuing operations before Income tax expense	-	-
	4,084.76	2,446.49
Tax at the Indian Tax Rate of 29.12% (2017-2018 - 34.608 %)	1,189.48	846.68
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Provision for Bonus	5.03	4.63
CSR	14.56	13.84
Interest on Late payment of Tds	0.28	2.06
Interest on SA tax Paid	2.66	-
Penalty on PT	-	0.01
Loss on Sale of Motor Car	-	1.92
Donation	1.68	0.42
Interest on DDT	2.74	-
Provision for Diminution	-	0.05
Interest on MSME	0.09	-
IND AS Rent Expense	1.66	-
Debtors ECL	2.52	-
Sales Tax Penalty	0.01	-
Interest on Bajaj Allianz Loan	2.29	-
Gratuity Expense	1.56	-
Late Filing Fees TDS	0.27	-
Other Difference	(25.11)	5.66
Income tax expense	1,179.24	875.27

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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 2019							
	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	-	-	1.58	1.58	-	-	1.58	1.58
Loans	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Current Financial assets								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	6,189.93	6,189.93	-	-	6,189.93	6,189.93
Cash and cash equivalents	-	-	1,811.26	1,811.26	-	-	1,811.26	1,811.26
Bank balances other than Cash and cash equivalents	-	-	38.79	38.79	-	-	38.79	38.79
Current loans	-	-	31.65	31.65	-	-	31.65	31.65
Other current financial assets	-	-	88.44	88.44	-	-	88.44	88.44
- Rent Deposits	13.33	-	-	13.33	-	-	13.33	13.33
	13.33	-	8,161.65	8,174.98	-	-	8,174.98	8,174.98
Non Current Financial liabilities								
Borrowings	-	-	276.01	276.01	-	-	276.01	276.01
Current Financial liabilities								
Borrowings	-	-	3,940.46	3,940.46	-	-	3,940.46	3,940.46
Trade payables - MSME	-	-	68.02	68.02	-	-	68.02	68.02
Trade payables - other than MSME	-	-	1,758.72	1,758.72	-	-	1,758.72	1,758.72
Other current financial liabilities	-	-	279.67	279.67	-	-	279.67	279.67
	-	-	6,322.88	6,322.88	-	-	6,322.88	6,322.88

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

(₹ 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	-	6,853.51	6,865.13	-	-	6,865.13	6,865.13
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
	-	-	7,372.82	7,372.82	-	-	7,372.82	7,372.82

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 listtle 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.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, 2019

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, 2019 and March 31, 2018 are as below:

March 31, 2019	USD	INR	EUR	INR	GBP	INR
Financial assets (A)						
Trade and other receivables	\$62,77,409	4,403.72	€ 3,58,359	282.58	£1,82,000.00	164.66
Financial liabilities (B)						
Trade and other payables	\$7,57,982	524.30	€ 1,76,000	136.75	-	-
Net exposure (A - B)	\$55,19,427.65	3,879.42	€ 1,82,358.75	145.83	£1,82,000.00	164.66

March 31, 2018	USD	INR	EUR	INR	AED	INR
Financial assets (A)						
Trade and other receivables	\$22,96,682	1,493.76	€ 1,11,263	89.70		-
Financial liabilities (B)						
Trade and other payables	\$12,34,874	803.16	€ 74,624	6.06	1,07,110	31.49
Net exposure (A - B)	\$10,61,808.04	690.60	36,639	83.64	(1,07,110)	(31.49)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currencies at March 31 2019 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, 2019		March 31, 2018	
	3% decrease	3% Increase	3% decrease	3% Increase
3% movement				
USD	(132.11)	132.11	(44.81)	44.81
EUR	(8.48)	8.48	(2.69)	2.69
GBP	(4.94)	4.94	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Trade Payables

(₹ in Lakhs)

Effect in INR	March 31, 2019		March 31, 2018	
	3% decrease	3% Increase	3% decrease	3% Increase
3% movement				
USD	(15.73)	15.73	(24.09)	24.09
EUR	(4.10)	4.10	(0.18)	0.18
GBP	-	-	(0.94)	0.94

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 has made provision for ECL at the year end as under.

(₹ in Lakhs)

Ageing	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	-	-	-	-
180-365 days past due	-	-	-	-
More than 365 days past due	86.45	10.00%	8.65	77.81
	86.45	10.00%	8.65	77.81

b. Cash and cash equivalents and Other bank balances

The Company held cash and cash equivalents and other bank balances of Rs 1,850.05 lakhs at March 31, 2019 (March 31, 2018: Rs. 816.40 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 counterparties, 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.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

(₹ in Lakhs)

Exposure to Credit Risk	31-Mar-19	31-Mar-18
Financial risk for which loss allowance is measured using 12 months expected Credit Losses (ECL)		
Loans	31.65	26.94
Cash & cash equivalent	1,850.05	816.40
Trade Receivables	-	5,907.24
Financial risk for which loss allowance is measured using Lifetime expected Credit Losses (ECL)	-	-
Trade Receivables	77.81	-

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 undiscounted payments

(₹ in Lakhs)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
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
As on 31.03.2019				
Current Borrowings	3,940.46	-	-	3,940.46
Trade Payables	1,826.75	-	-	1,826.75
Other Financial Liabilities	279.67	-	-	279.67
Term Loans- from Banks	-	276.01	-	276.01

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Maturity profile of financial assets

(₹ in Lakhs)

The table below provide details regarding the contractual maturities of financial assets at the reporting date

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
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
As on 31.03.2019				
Trade receivables	6,189.93	-	-	6,189.93
Current Loans	31.65	-	-	31.65
Other current financial assets	21.65	2.42	77.71	101.78

D. Interest Rate Risk

The Exposure of the borrowing to interest rate changes at the end of the reporting period are included in the table below. As at the end of the reporting period the following weighted average interest rate on the borrowings.

Particulars	Interest rate	Balance As On 31 Mar 2019 In Lakhs	% of Total Loans	Interest rate	Balance As On 31 Mar 2018 In Lakhs	% of Total Loans
Cash Credits from banks						
Standard Chartered Bank (957)	11.20%	262.76	100	10.10%	306.28	100
Vijaya Bank Term loan(009)	12.90%	118.04	100	12.90%	228.04	100
Bajaj Allianze	10.00%	76.73	100	10.00%	79.95	100
HDFC Bank	9.85%	464.24	100	9.85%	264.55	100
Vijaya Bank Working Capital loan	9.70%	1798.61	100	9.40%	1717.5	100

The percentage of total loans shows the proportion of loans that are currently at weighted average in relation to the total amount of borrowings.

(ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rate. In interest rate risk note we have considered impact on profit after tax.

Particulars	March 31, 2019		March 31, 2018	
	Increase	(Decrease)	Increase	(Decrease)
Movement by 100 basis point				
Standard Chartered Bank (957)	2.63	-2.63	3.06	-3.06
Vijaya Bank Term loan(009)	1.18	-1.18	2.28	-2.28
Bajaj Allianze	0.77	-0.77	0.80	-0.80
HDFC Bank	4.64	-4.64	2.65	-2.65
Vijaya Bank Working Capital loan	17.99	-17.99	17.18	-17.18

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Note 25: Assets Pledged/ Mortgaged/Hypothecated as security

(₹ in Lakhs)

The carrying amounts of assets mortgaged/hypothecated as security for current and non-current borrowings are:

Particulars	As at 31 March 2019	As at 31 March 2018
Current Financial Assets		
First Charge		
Book Debts	6,189.93	5,907.24
Stock of Raw Material	1,267.43	1,084.42
Stock of Work In Progress	748.46	584.49
Stock of Finished Goods	814.30	816.11
Stock of Traded Goods	652.67	923.89
Stock of Packaging Material	19.92	24.51
Stock in Transit (RM)	25.29	25.44
Total current assets mortgaged/hypothecated as security	9,718.00	9,366.10
Non-current		
First Charge		
Freehold Land	3.75	3.75
Leasehold Land	29.45	29.93
Factory Building	926.39	952.61
Administrative Building	13.88	15.44
Furniture and Fixtures	0.13	0.23
Office Premises	248.54	258.15
Office Equipments	3.55	4.80
Plant & Machinery	1,703.44	1,467.57
Electrical Installation	78.35	93.28
Total non-current assets mortgaged/hypothecated as security	3,007.48	2,825.77
Total assets mortgaged/hypothecated as security	12,725.48	12,191.87

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 2019	As on 31 March 2018
Net Debt	4,398.00	4,393.09
Total equity plus debt	14,498.00	12,091.55
Net Debt to Equity Ratio	30.34%	36.33%

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

27 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 Mangement Personnel
Mihir B. Manek	Key Mangement Personnel
Pravina B. Manek	Key Mangement Personnel
Rahul Berde	Independent Director (Non-executive director)
Niren Desai	Independent Director (Non-executive director)
Prafulchandra Shah	Independent Director (Non-executive director)
Chetan Bavishi	Independent Director (Non-executive director)
Anil Kumar Dhar	Independent Director (Non-executive director)

b) Key management personnel compensation

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Short term employee benefits	351.02	243.60

c) Transactions with related parties

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Pravina B. Manek - Bank Guarantee Commission	45.00	45.00
Bipin M. Manek - Bank Guarantee Commission	45.00	45.00
Trident Colours and chemicals	39.76	321.97
Sales to Trident Colours	-	321.97
High Seas Purchase from Trident Colours	39.76	-

Director's Sitting Fees	31 March 2019	31 March 2018
Rahul Berde	0.20	0.35
Niren Desai	0.40	0.38
Prafulchandra Shah	0.40	0.28
Chetan Bavishi	0.10	0.28

Professional Fees	31 March 2019	31 March 2018
Anil Kumar Dhar	3.51	3.34

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

d) Balances with the parties outstanding

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Pravina B. Manek - Security Deposit	6.67	5.81
Pravina B. Manek	73.90	60.60
Trident Colours and chemicals	321.97	321.97
Bipin Manek	55.30	34.97
Mihir B. Manek	66.99	14.54
Rahul Berde	0.11	0.11
Anil Kumar Dhar	-	0.25

28 Contingent liabilities

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Central Sales Tax (FY 2005 - 2006)	8.68	8.68
Central Sales Tax (FY 2013 - 2014)	3.59	3.59
Maharashtra VAT (FY 2013 - 2014)	0.37	0.37
Maharashtra VAT (FY 2012 - 2013)	2.88	2.88

29 Earnings per share

Particulars	As at 31 March 2019	As at 31 March 2018
a) Basic earnings per share		
From continuing operations attributable to the equity share holders of the company	5.82	3.13
b) Diluted earnings per share		
From continuing operations attributable to the equity share holders of the company	5.82	3.13

c) Reconciliation of earning used in calculation earnings per share

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Basic earnings per share		
Profit from continuing operations attributable to equity share holders of the company:	2,905.52	1,563.22
Diluted earnings per share		
Profit from continuing operations attributable to equity share holders of the company:	2,905.52	1,563.22

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

(d) Weighted average number of shares used as the denominator

Particulars	As at 31 March 2019 Number of shares	As at 31 March 2018 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

30 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 Asian Countries, European Countries, South Africa, Middle East Countries, United State and others.

Geographical Segment	Composition
Domestic	All over India
Exports	Australia, America, Europe, Africa, Middle East

The following table shows the distribution of the Company’s reportable segment by geographical market, regardless of where the goods were produced:

Particulars	2018-19			2017-18		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenue						
Sales to external customers	5,216.45	16,955.44	22,171.89	9,281.46	11,683.22	20,964.68
Other segment information						
<u>Segment Assets</u>	12,086.99	4,863.52	16,950.52	12,199.14	3,324.24	15,523.39
Capital Expenditure:	5.77	-	5.77	-	-	-
Additions to tangible & intangible fixed assets (Including CWIP)						

31 Commitments

Disclosure in respect of lease

The Company has entered into operating lease arrangements for Laboratory. The leases are non- cancellable and are for a period of 10 November 2017 to 07 August 2020. The lease agreements provide for an increase in the lease payments by 5% after every eleven months.

The Company has entered into operating lease arrangements for office premises. The leases are non-cancellable and are for a period of 04 December 2018 to 03 November 2019.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

Non Cancellable Operating Leases:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	5.51	5.23
Later than 1 year but not later than 5 years	1.87	7.39
Later than 5 years	-	-
	7.39	12.61
Commitments for minimum lease payments in relation to leases other than non-cancellable operating leases are payable as follows:		
Within 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	-	-

Rental expenses relating to operating leases

Particulars	31 March 2019	31 March 2018
Minimum lease payments	6.48	2.10
Total Rental expense relating to operating leases	6.48	2.10

32. The Company has completed the acquisition of Arjun Food Colorants Manufacturing Private Limited as on April 22, 2019. In view of it, Arjun Food Colorants Manufacturing Private Limited has now become the Wholly Owned Subsidiary of Vidhi Specialty Food Ingredients Limited.
33. The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date
For JMR & Associates LLP
Chartered Accountants
Firm Registration No. 106912W/W100300

For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited

CA. Nikesh Jain
Partner
Membership No: 114003

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Mitesh D. Manek
Chief Financial Officer

Sherry Jain
Company Secretary

Mumbai, May 21, 2019

Mumbai, May 21, 2019

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VIDHI SPECIALTY FOOD INGREDIENTS 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:** mitesh.manek@vidhifoodcolour.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-Sixth Annual General Meeting - Monday, September 23, 2019

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

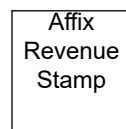
- Name: EmailId:
Address:
Signature:, or failing him/her
- Name: EmailId:
Address:
Signature:, or failing him/her
- Name: EmailId:
Address:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Members of the Company to be held on Monday, September 23, 2019 at 3.30 p.m. at The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Resolution	Voting (Optional)*		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Audited Financial Statement of the Company for the financial year ended March 31, 2019 together with the Board's Report and the Report of Auditors' thereon.			
2.	Confirmation of the 1 st Interim Dividend, 2 nd Interim Dividend and 3 rd Interim Dividend declared during the financial year 2018-19.			
3.	Declaration of final dividend on Equity Shares for the financial year 2018-19.			
4.	Appointment of Director in place of Mrs. Pravina Bipin Manek (DIN: 00416533), who retires by rotation and, being eligible, offers herself for re-appointment.			
Special Business				
5.	Appointment of Mr. Ashit Kantilal Doshi (DIN: 08486679) as a Non-Executive, Independent Director.			
6.	Re-appointment of Mr. Prafulchandra Anantlala Shah (DIN: 00417022) as an Independent Director for a second term of five consecutive years.			
7.	Re-appointment of Mr. Niren Dinkerrai Desai (DIN: 01978382) as an Independent Director for a second term of five consecutive years.			
8.	Re-appointment of Mr. Rahul Chakradhar Berde (DIN: 06981981) as an Independent Director for a second term of five consecutive years.			
9.	Payment of remuneration to Mr. Vijay Krishnswamirao Atre (DIN: 00416853) as Non-Executive Director of the Company which may exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors.			
10.	Approval for revision in terms of remuneration of Mr. Bipin Madhavji Manek (DIN: 00416441), Managing Director of the Company.			
11.	Approval for revision in terms of remuneration of Mr. Mihir Bipin Manek (DIN: 00650613), Joint Managing Director of the Company.			
12.	Approve 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.			

Signed this _____ day of _____ 2019

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.
3. *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.
4. For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of Twenty-Sixth Annual General Meeting.
5. The Company reserves its right to ask for identification of the Proxy.
6. The proxy form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/depository participant.



VIDHI

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

CIN: L24110MH1994PLC076156

Registered Office: E - 27, 5th Floor, Commerce Centre, 78, Tardea Road, Mumbai - 400 034, Maharashtra

Tel. No.: 022-6140 6666 Fax No.: 022-2352 1960 E-mail: mitesh.manek@vidhifoodcolour.com

Website: www.vidhifoodcolour.com

ATTENDANCE SLIP

26th Annual General Meeting - Monday, September 23, 2019

ENV NO.:

Name & Address of sole Member	
DP ID - Client ID/ Folio No.	
Name of Joint Holder(s), if any	
No. of shares held	

I certify that I am a Member / proxy of the Company,

I/We hereby record my/our presence at the 26th Annual General Meeting of the Members of Vidhi Specialty Food Ingredients Limited at The Victoria Memorial School for Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai - 400 034, at 3.30 p.m. on Monday, September 23, 2019.

Name of the Member/Proxy

Signature of the Member/Proxy

-----Cut here-----

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	(Pan / Seq. No.)

NOTE: Please read the complete instructions printed at Note No. 22 of the Notice of 26th Annual General Meeting. The E-Voting period starts on Friday, September 20, 2019 (9.00 a.m. 1ST) and ends on Sunday, September 22, 2019 (5.00 p.m. 1ST). The e-voting module shall be disabled by CDSL for voting thereafter.

A Truly Global Foot Print



95.20% of all colours manufactured by Vidhi are exported globally.

Americas	Europe	Africa	Middle East
Argentina	Czech Republic	Egypt	Hongkong
Bolivia	France	Kenya	Iran
Brazil	Germany	South Africa	Singapore
Canada	Hungary	Tanzania	Syria
Chile	Italy		UAE
Colombia	Malta		
El Salvador	Morocco		
Guatemala	Republic of Poland		
Mexico	Russian Federation		
Trinidad	Spain		
USA	The Netherlands		
URUGUAY	Turkey		
Venezuela	Ukraine		
	UK		



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Vidhi Specialty Food Ingredients Limited

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

E-mail : mitesh.manek@vidhifoodcolour.com Web : www.vidhifoodcolour.com

