



Date: September 07, 2020

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: Submission of Annual Report for the financial year 2019-20

In pursuance of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, please find enclosed herewith the Annual Report of the Company for the financial year 2019-20 containing *inter-alia* the Notice convening the 27th Annual General Meeting to be held on **Tuesday, September 29, 2020** through Audio Visual means, Board's Report with the relevant annexures, Management Discussion and Analysis, Audited Standalone and Consolidated Financial Statements, Auditors' Report, etc. for the financial year 2019-20.

The soft copy of the Annual Report is also available on the website of the Company at <http://www.vidhifoodcolour.com/pdf/4.%20Annual%20Reports/2019-20/2.%2027th%20Annual%20Report%20for%20FY%202019-20.pdf>.

Please take the same on your record and display on your website.

Thanking you,
For Vidhi Specialty Food Ingredients Limited,



Awdhesh Kumar Pandey
Company Secretary and Compliance Officer

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

27th

ANNUAL REPORT

2019-2020



Vidhi Specialty Food Ingredients Limited

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)
Independent Director (w.e.f.20.06.2019)
Ms. Jyoti S. Modi (DIN: 08699101)
Additional Independent Director (w.e.f. 19.03.2020)

CHIEF FINANCIAL OFFICER

Mr. Mitesh D. Manek

COMPANY SECRETARY

Mr. Awdhesh Kumar Pandey
Compliance Officer
(Appointed w.e.f. February 11, 2020)

Ms. Sherry A. Jain
Compliance Officer
(Resigned w.e.f. January 11, 2020)

STATUTORY AUDITORS

M/s. JMR & Associates
Chartered Accountants

SECRETARIAL AUDITORS

M/s. Hemanshu Kapadia & Associates
Practicing Company Secretaries

INTERNAL AUDITORS

M/s. Jayesh Kothari & Co.
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
E-mail: sharexindia@vsnl.com

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:

Vidhi Specialty Food Ingredients Limited
E/28 & 29, Commerce Centre,
78, Tardeo Road,
Mumbai – 400034
Tel: + 91 22 6140 6615

LOCATIONS OF PLANTS:

Factory I:

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

Factory II:

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

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.

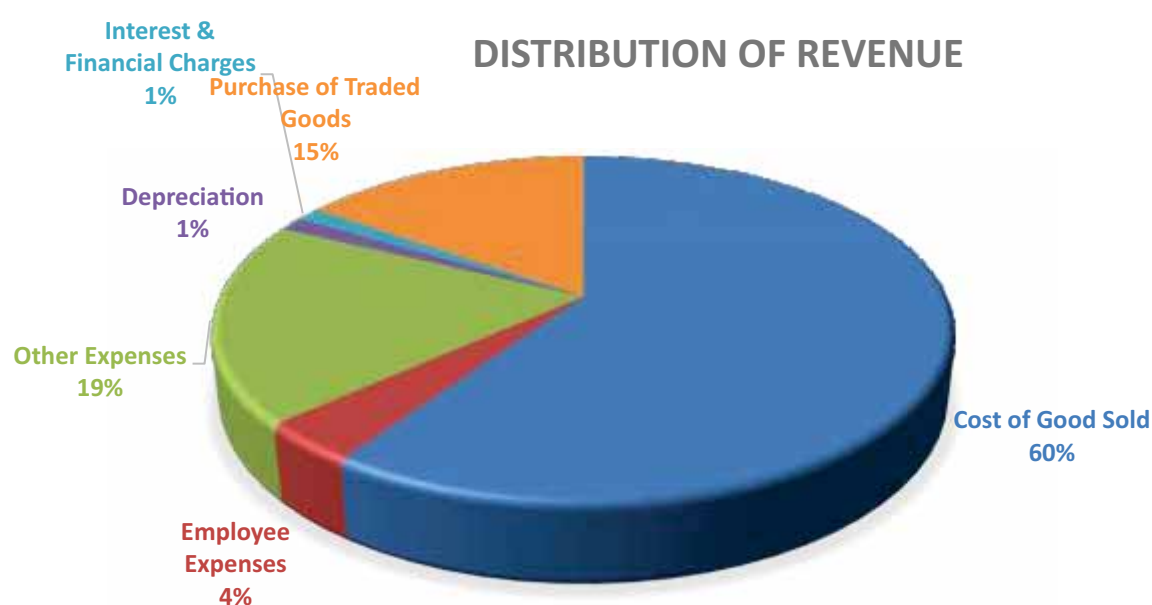


Financial Highlights & Performance

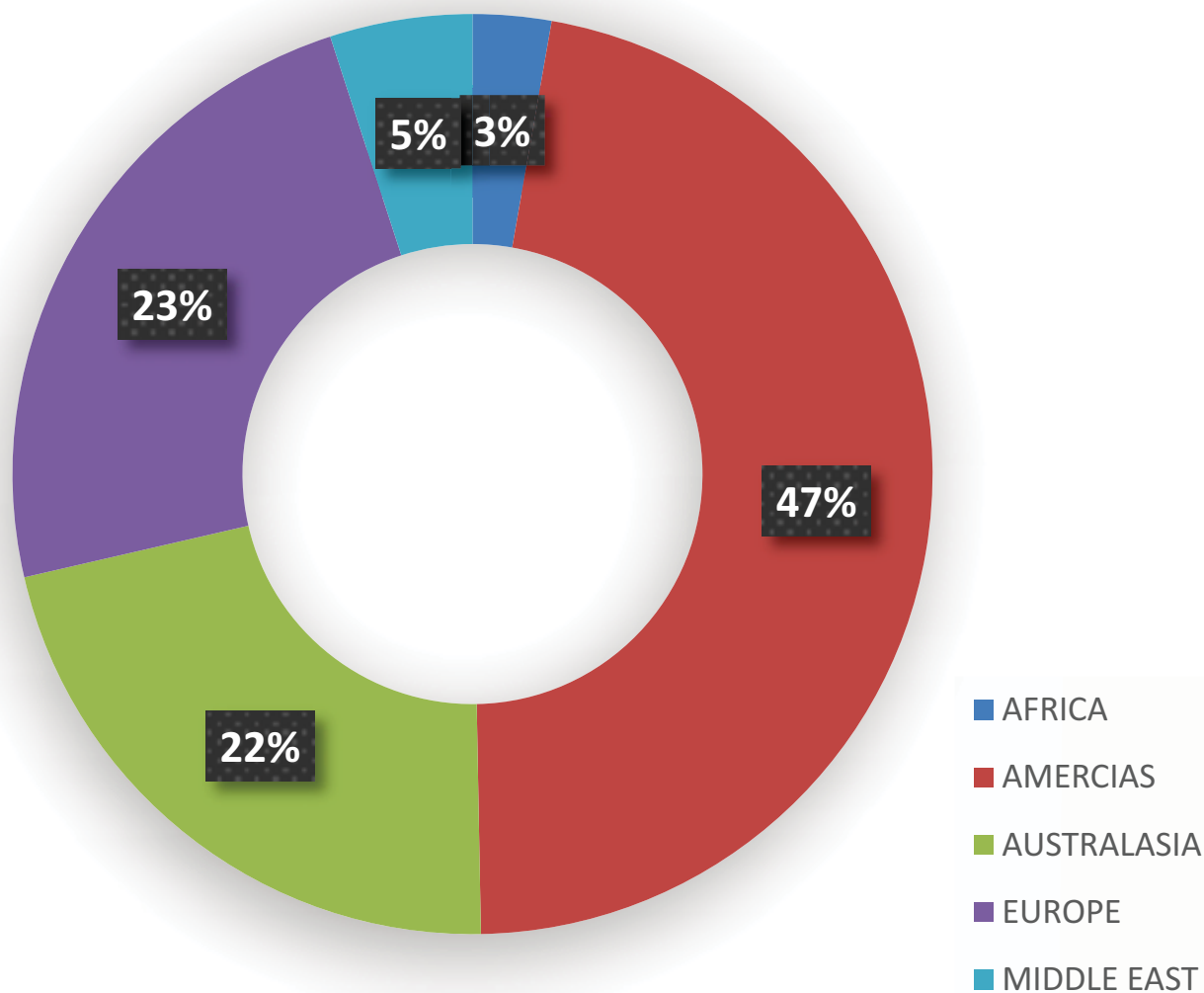
Key Figures

(Rs in Lakhs)

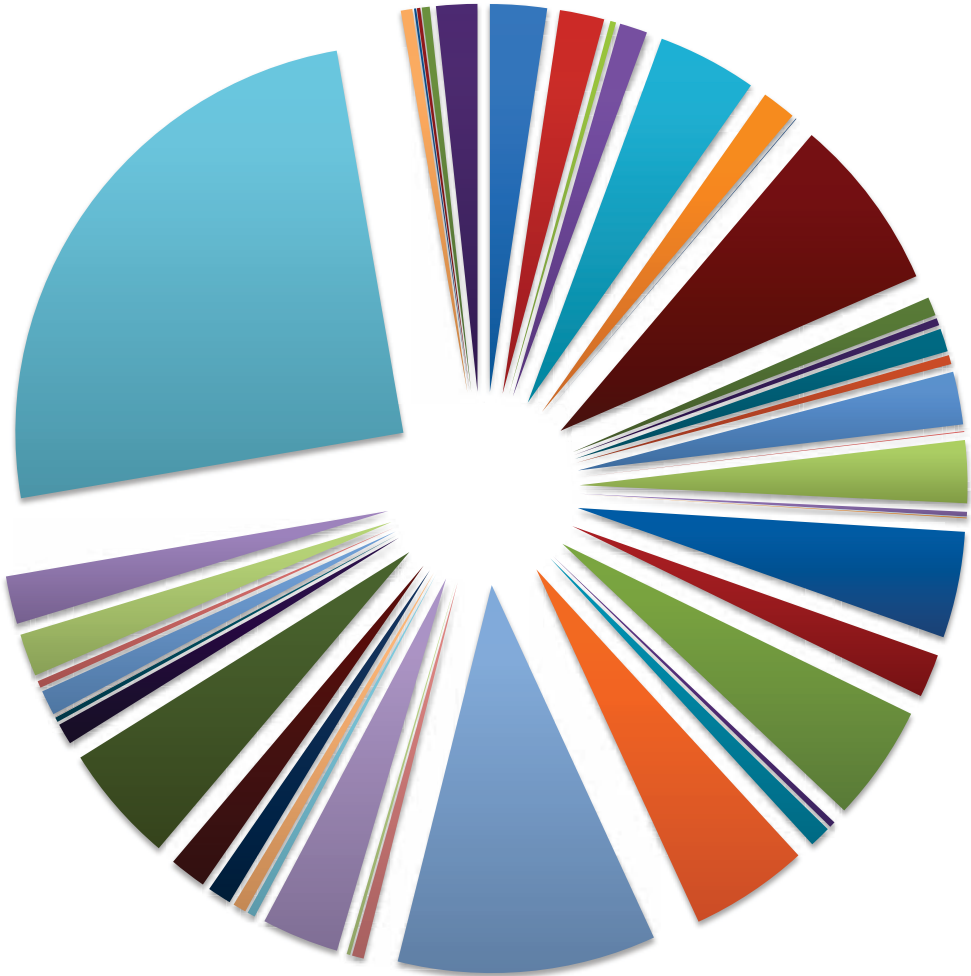
Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Results of Operations					
Total Revenue	18,593.49	20,767.15	21,740.99	22,894.15	22,526.05
Earnings before interest, Taxes, Depreciation & Amortisation (EBITDA) & Exceptional Items	3,031.24	2,978.12	3,190.05	4,666.64	5,110.21
Profit/(loss) before Tax	2,254.53	2,360.17	2,446.48	4,084.76	4,533.11
Net Profit/ (Loss)	1,473.22	1,465.43	1,571.21	2,905.52	3,407.98
Financial Position					
Equity Share Capital	500.20	500.20	500.20	500.20	500.20
Reserves and Surplus	5,011.34	6,110.10	7,198.25	9,599.80	12,387.80
Net Worth	5,511.54	6,610.30	7,698.45	10,100.00	12,888.00
Stock Information					
Earnings per Share (in Rs)	2.95	2.93	3.15	5.82	6.82



Continent Wise Break Up In Sales

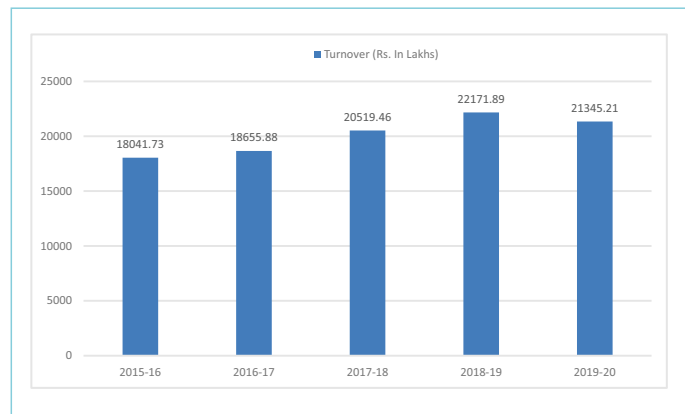
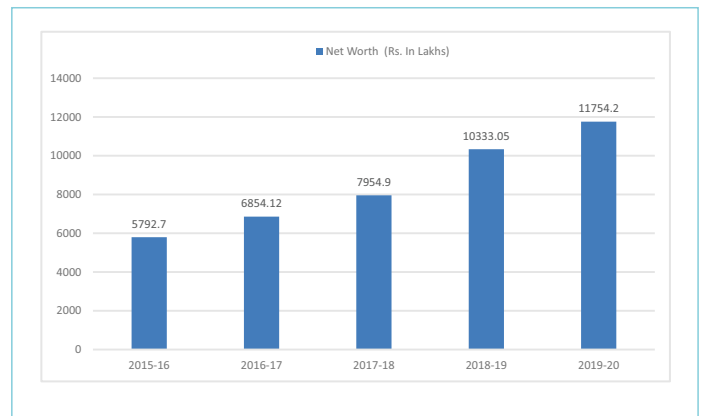
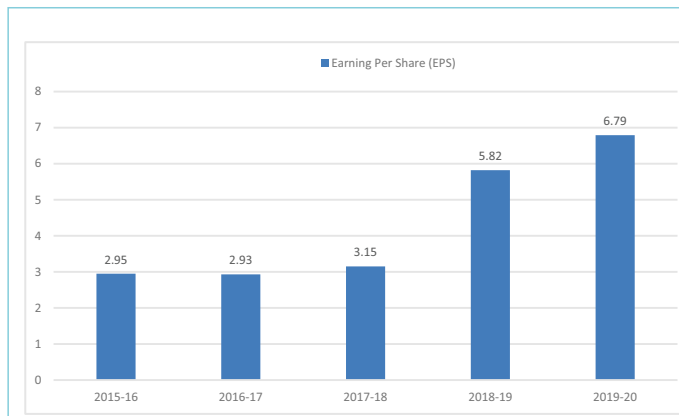
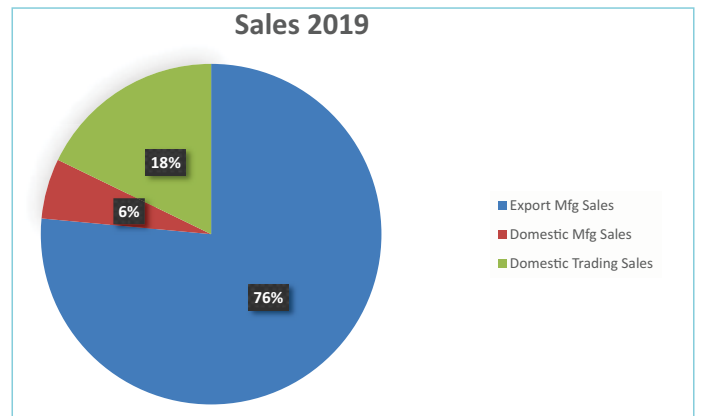
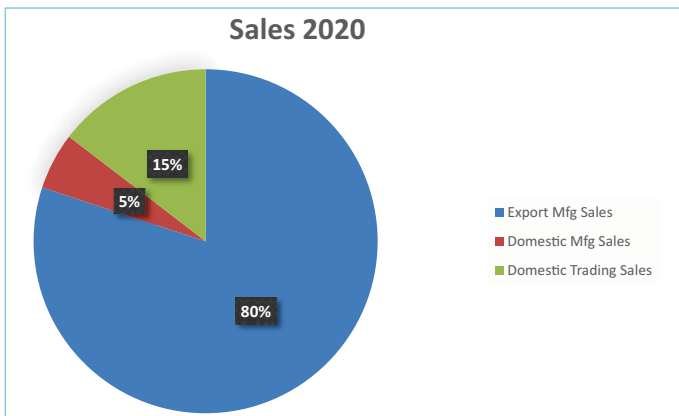
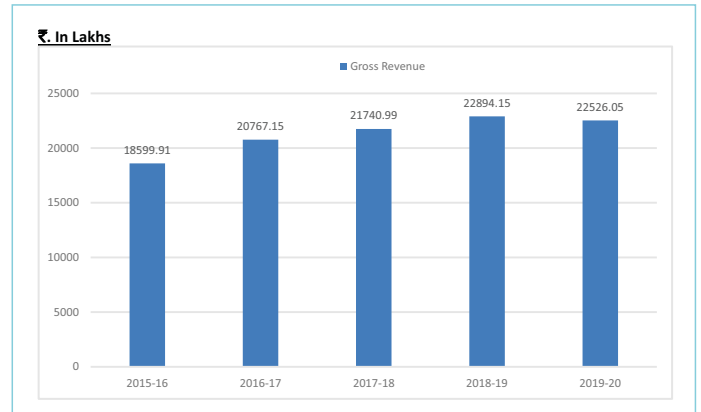
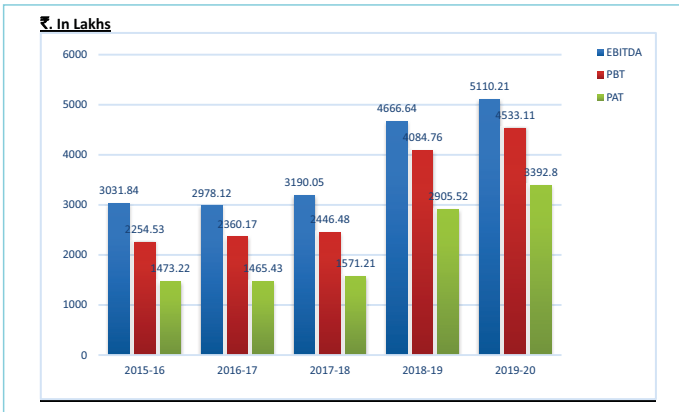


Country Wise Break Up In Sales



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

Performance Indicators



Message from the Chairman and Managing Director

Dear Shareholders,

The financial year 2019-20 was a good year for 'Vidhi' even though COVID-19 Pandemic grappled the world in the last month of the FY 2019-20. The Company has achieved the comparable targets to last year level despite of the fact that our Company had temporarily suspended the manufacturing operations from last week of March, 2020 till first week of April, 2020 in compliance of lockdown declared on March 23, 2020 by Government of India. In addition to COVID-19, cyclone "Nisarga" also hit the Company's manufacturing activities in the first week of June, 2020 and damaged some of the assets and inventories of the Company. Since the Company's assets are insured adequately, it has filed a claim for damages.

I am delighted to share with you all that the Company has earned net profit after tax of Rs.3407.98 lakhs in FY 2019-20 which is the highest ever net profit in the history of the Company and it is expected to grow every year. Even though there was slight decline of 1.61% in top line, but due to good operational efficiency there is considerable increase in bottom line by 17.29%.

In F.Y. 2019-20, the Company's performance with regard to the export manufacturing sales volumes, improved to 80% of total sales from 76% of total sales in previous year. Domestic manufacturing sales were 5% of the total sales of the Company. Further, the EBITDA of the Company increased by 9.50% in the year 2019-20. Considering the improved operational and financial performance, your Company has declared two Interim Dividend each of Rs. 0.20/- per equity share of Rs. 1/- each and one Interim Dividend of Rs.0.40/- per equity share of Rs 1/- each (totaling to Rs. 0.80/- per share i.e. 80%) during the financial year 2019-20 and also recommended a final dividend payment of Rs. 0.20/- per equity share of Rs. 1/- each (i.e. 20%) for the financial year 2019-20. Further, due to good liquidity position, the Company was able to reduce its Debt by 22.50% and consequently there was reduction in finance cost and improvement in Debt-Equity ratio.

The FY 2020-21 is challenging year for the Company as the first quarter of the FY was went under lock down. However, the Company is hopeful that the performance of the Company in FY 2020-21 will be satisfactory as the Company was able to quickly resume its manufacturing operation in the second week of April, 2020 and we are able to serve the customers during this difficult time. Further, the products which our Company manufactures are used in food and Pharmaceutical Companies hence, there is good demand of the Company's product.

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.

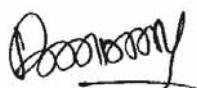
Success of any business can be possible if its employees and peoples who put in persistent efforts to rise to their excellence level are taken together. I would like to iterate that your Company's employees are its valuable assets and it is entirely due to their hard works, firmness, commitment and dedication that your Company has been able to deliver sustainable growth and value creation. During this tuff time, due to COVID-19, the relation between Company and its employees/workers become stronger. The Management appreciate efforts taken by employees/workers during the lock down.

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 34 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 19 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 twelve 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 14 years



Mr. Vijay K. Atre

Director Non-Executive

- Holder of Masters Degree in Science from University of Mumbai
- Over 41 years of rich experience in the field of food colors manufacturing unit
- Associated with the Company for more than 25 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 59 years of experience in Construction Industry
- Associated with the Company for more than 17 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 39 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 6 years
- Formerly associated with Water's India Limited as a Senior Marketing Manager
- 15 years of experience as a manger of Biotage India Private Limited



Mr. Ashit Doshi
Director Non-Executive & Independent

- A remisier in equity market since last 21 years
- Associated with Mansi Shares and Stock Advisors Private Limited as a remisier past 11 years
- Formerly associated with Setu Securities as a remisier for 10 years
- A SYBcom graduate



Mrs. Jyoti S. Modi
Additional Non-Executive Independent Director

- An Arts Graduate and B.H.S.C. by qualification from Pune University
- Appointed on the Board of the Company w.e.f. March 19, 2020
- More than 3 Years of experience in food industry

NOTICE OF THE TWENTY-SEVENTH ANNUAL GENERAL MEETING

To,
The Members
Vidhi Specialty Food Ingredients Limited,

Notice is hereby given that the **Twenty-Seventh Annual General Meeting** of the Members of **Vidhi Specialty Food Ingredients Limited** will be held on Tuesday, September 29, 2020 at 03:30 p.m. through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") which will be deemed to be held at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. a. To receive, consider and adopt the Standalone Audited Financial Statement of the Company for the financial year ended March 31, 2020, the Change in Equity, 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.
- b. To receive, consider and adopt the Consolidated Audited Financial Statement of the Company for the financial year ended March 31, 2020 including the Audited Balance Sheet as at March 31, 2020, the Change in Equity, 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 Report of Auditors' thereon.
2. To confirm the 1st Interim Dividend, 2nd Interim Dividend and 3rd Interim Dividend declared in the financial year 2019-20.
3. To declare Final Dividend on Equity Shares for the financial year 2019-20.
4. To appoint a Director in place of Mr. Vijay Krishnaswamirao Atre (DIN: 00416853), who retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 ("the Act") and who is not disqualified to become Director under the Act and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. **To appoint Mrs. Jyoti Sunil Modi (DIN: 08699101) as a Non-Executive, Woman 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 149, 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) Mrs. Jyoti Sunil Modi (DIN: 08699101), who was appointed by the Board of Directors, as an Additional Independent (Woman) Director of the Company with effect from March 19, 2020 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 her 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 approval of the Board of Directors 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to

time, (hereinafter referred to as 'the Listing Regulations'), Mrs. Jyoti Sunil Modi (DIN: 08699101), 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 (Woman) Director not liable to retire by rotation, for a term of 5 (five) consecutive years commencing from March 19, 2020 to March 18, 2025, 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 consider re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director of the Company and payment of remuneration to him.**

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

“**RESOLVED THAT** in pursuance of the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable Rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof from time to time) (hereinafter referred to as 'the Act'), and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (hereinafter referred to as 'the Listing Regulations'), pursuant to the provisions of the Articles of Association of the Company and subject to the approvals, consents, permissions, sanctions, etc., of the Central Government and all other concerned statutory, regulatory and other authorities, 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 Committee thereof for the time being in force exercising the powers conferred upon it by the Board), approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613), on continuation basis without any interruption/break in service, as the Joint Managing Director of the Company, liable to retire by rotation, for a period of 5 (five) years with effect from July 15, 2020 till July 14, 2025, upon the terms and conditions including remuneration as mentioned in the Joint Managing Director Agreement, copy of which was placed before the meeting.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Mihir Bipin Manek (DIN: 00650613) as the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to Mr. Mihir Bipin Manek (DIN: 00650613) remuneration by way of salary, benefits, perquisites, allowances, etc. as mentioned in the Joint Managing Director Agreement as the minimum remuneration, subject to compliance with the applicable provisions of Sections 196, 197 and all other applicable provisions, if any, of the Act read with Schedule V of the Act, as amended from time to time, subject to the approval of the Central Government, if and to the extent necessary and applicable.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this resolution, to make modifications as may be deemed to be in the interest of the Company, with liberty to alter and vary the terms and conditions of the aforesaid re-appointment, including but not limited to determine the remuneration payable to Mr. Mihir Bipin Manek (DIN: 00650613) from time to time, in accordance with the provisions of the Act and to do all such acts, deeds, matters and things for giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any Director or officer or person, to give effect to the aforesaid resolution.”

7. **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 Regulation 17(6)(ca) and other applicable provisions of the Listing Regulations and other applicable regulations (including any statutory modifications, variation or re-enactment thereof for the time being in force), and as approved by the Members at the 26th Annual General Meeting of the Company held on Monday, September 23, 2019, approval of the Members be and is hereby accorded for paying remuneration to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) on the existing terms and conditions, as mentioned in the explanatory statement, for the financial year 2020-21 which may exceed fifty per cent of the total annual remuneration payable to all the Non-Executive Directors.

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

8. **To approve the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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/-
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, 2020
Place: Mumbai

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

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated May 05, 2020 in relation to 'Clarification on holding of Annual General Meeting ('AGM') through video conferencing ('VC') or other audio visual means ('OAVM') read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 in relation to 'Clarification on passing of ordinary and special resolutions by Companies under the Companies Act, 2013 and the Rules made thereunder on account of the threat posed by Covid-19' (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to 'Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Covid-19 pandemic' ('SEBI Circular') permitted the holding of the Annual General Meeting ('AGM')/'the Meeting') through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the 27th AGM of the Company is being held through VC/OAVM on Tuesday, September 29, 2020 at 03:30 p.m. The deemed venue for the AGM will be the Registered Office of the Company.
2. As per the provisions of clause 3.A.II. of the General Circular No. 20/ 2020 dated May 05, 2020, issued by the MCA, the matters of Special Business as appearing at item nos. 5 to 8 of the accompanying Notice, are considered to be unavoidable by the Board and hence, form part of this Notice.
3. 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. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, the requirement of physical attendance of Members has been dispensed with. Accordingly, in terms of the MCA Circulars and the SEBI Circular, the facility for appointment of proxies by the Members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/ OAVM and cast their votes through e-voting.
4. The relevant statement pursuant to Section 102 of 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.
5. The Company's Registrar & Share Transfer Agents are Sharex Dynamic (India) Private Limited ('R & TA') having their office at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Tel: 022- 28515644/5606 Fax: 022- 28512885.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020, 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 2019-20, if declared at the AGM.
7. The Dividend, if declared at the AGM, would be paid/dispached on/after Wednesday, September 30, 2020 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 Tuesday, September 22, 2020 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 Tuesday, September 22, 2020, 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/permissible electronic mode of payment viz. Electronic Clearing Services (ECS), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc. The Company/R & TA will not act on any direct request from the Members holding shares in dematerialized form for change/deletion of such bank details. Such changes are to be intimated by the Members to their Depository Participants. In respect of the Members holding shares in the physical form, the bank details obtained from the R & TA will be used for the purpose of distribution of dividend through various approved/permissible electronic modes of payment. Any query related to dividend should be directed to R & TA.

8. Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. In case, the Company is unable to pay the dividend to any Member by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant / cheque to such Member by post.
9. Members may note that the Income Tax Act, 1961 ("IT Act"), as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the Members. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the IT Act.
 - a) **For Resident Members**, TDS shall be deducted under Section 194 of the IT Act @7.50% or as notified by the Government of India on the amount of dividend declared and paid by your Company during the financial year 2020-21 provided PAN is registered by the Member. If PAN is not registered or PAN is invalid, TDS shall be deducted @ 20% or as notified by the Government of India as per Section 206AA of the IT Act.

However, no TDS shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during the financial year 2020-21 does not exceed Rs. 5,000. Please note that this includes the future dividend, if any, which may be declared by the Board in the financial year 2020-21.

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source. Resident Members may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax.

- b) **For Non-resident Members**, TDS is required to be deducted in accordance with the provisions of Section 195 of the IT Act at the rates in force. As per the relevant provisions of the IT Act, the tax shall be deducted @ 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable to them. However, as per Section 90 of the IT Act, the non-resident Member has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the Country of tax residence of the Member, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident Member will have to provide i.e. No Permanent Establishment and Beneficial Ownership Declaration, Self-attested copy of the Permanent Account Number (PAN Card), Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits.

Also a self-declaration, certifying the following points:

- i) Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;
- ii) Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
- iii) Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;

- iv) Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
- v) Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident Member.

10. Form 15G/15H/10F for current financial year can be downloaded from the Link <http://www.sharexindia.com/downloads.php?formtype=>
11. Kindly note that the aforementioned documents can be submitted to the Company/R&TA at support@sharexindia.com or can be uploaded on the link <https://sharexindia.com/submission-of-form-15g-15h.html> on or before September 29, 2020 in order to enable your Company to determine and deduct appropriate TDS rate. No communication on the tax determination / deduction shall be entertained post September 29, 2020. It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.
12. The Company will issue soft copy of TDS certificate to its Members through email registered with Company/ Company's RTA post payment of dividend on or before September 29, 2020. In addition, Members will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
13. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Members, such Members will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any assessment/apellate proceedings.
14. This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.
15. 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 Rules made thereunder, 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.

Due dates of transferring unclaimed and unpaid dividends declared by the Company for the financial year 2013-14 and thereafter to IEPF:

Financial Year	Date of declaration of dividend	Last date for claiming unpaid/ unclaimed dividend
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
2017-18 (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
2018-19 (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
2019-20 (Final Dividend for FY 2018-19)	September 23, 2019	October 27, 2026
2019-20 (1 st Interim Dividend)	August 14, 2019	September 17, 2026
2019-20 (2 nd Interim Dividend)	November 12, 2019	December 16, 2026
2019-20 (3 rd Interim Dividend)	February 11, 2020	March 15, 2027

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

16. Pursuant to the applicable provisions of the Act read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares in respect of which dividend has not been paid or claimed by the Members 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 2013-14 declared in the Board Meeting dated November 12, 2013 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://www.iepf.gov.in/IEPF/refund.html>. Further, as per the IEPF Rules the Members/ Claimants can file only one consolidated claim in a financial year from a Company.
17. 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 the Directors of the Company has also been furnished separately in the Annual Report. The Directors proposed to be appointed/re-appointed have furnished the relevant consent for their appointment/re-appointment.

18. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code etc., to their DPs in case the shares are held by them in electronic form and to R&TA in case shares are held by them in physical form.
19. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
20. The members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members will be able to view the proceedings on e-voting website of National Securities Depository Limited ('NSDL') at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Board Committees, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
21. In line with the General Circular No. 20/2020 dated May 5, 2020, issued by the MCA and the SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. The Notice of AGM and Annual Report 2019-20 are available on the Company's website viz. www.vidhifoodcolour.com and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. The AGM Notice is also on the website of NSDL (agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com.
22. 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.
23. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
24. 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.
25. Members desiring any information pertaining to the Financial Statement or any matter to be placed at the AGM, are requested to write to the Company Secretary at vdmlcs@hotmail.com on or before September 22, 2020 through your registered email address so as to enable the Management to reply at the AGM.
26. Electronic copies of all the documents referred to in the accompanying Notice of the AGM and the Explanatory Statement shall be made available for inspection electronically without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. till September 29, 2020. Members seeking to inspect such documents can send an email to vdmlcs@hotmail.com. During the 27th AGM also, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act; the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act.
27. As per Regulation 40 of Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from 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.

28. The Company has made special arrangement with the RTA and NSDL for registration of e-mail addresses in terms of the MCA Circulars for Members who wish to receive the Annual Report along with the AGM Notice electronically and to cast the vote electronically. In order to register the email id for receiving the Notice of 27th AGM and Annual Report through email please visit the link https://sharexindia.com/Email_Register.html and provide the requisite information and attach requisite documents. The system will then confirm the e-mail address for the limited purpose of servicing the Notice of this AGM along with the Annual Report 2019-20.

29. **Voting through Electronic Means:**

- a) In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the Listing Regulations, as amended, MCA Circulars and the SEBI Circular, the Company is providing its Members the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means (by using the electronic voting system provided by NSDL) either by (a) remote e-voting prior to the AGM (as explained at 'clause d' herein below) or (b) remote e-voting during the AGM (as explained at 'clause e' below) Instructions for Members for attending the AGM through VC/OAVM are explained at 'clause f' below.
- 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 Tuesday, September 22, 2020. Members are eligible to cast vote only if they are holding shares on Tuesday, September 22, 2020.
- c) **The remote e-voting period will commence at 09:00 a.m. (IST) on Saturday, September 26, 2020 and will end at 05:00 p.m. (IST) on Monday, September 28, 2020.** 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) **Instructions for remote e-voting prior to the AGM:**

The voting period begins on Saturday, September 26, 2020 at 09:00 a.m. (IST) and ends on Monday, September 28, 2020 at 05:00 p.m. (IST). Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Tuesday, September 22, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

The way to vote electronically on NSDL e-voting system consists of 'Two Steps' which are mentioned below:

Step 1 : Log-in to NSDL e-voting system

- i. Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

- ii. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.
- iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log in to NSDL e-services after using your log in credentials, click on e-voting and you can proceed to step 2 i.e. Cast your vote electronically.

- iv. Your User ID details will be as per details given below:
 - a. **For Members who hold shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****).
 - b. **For Members who hold shares in demat account with CDSL:** 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****).
 - c. **For Members holding shares in Physical Form:** EVEN Number followed by Folio Number registered with the Company.(For example if your folio number is 001*** and EVEN is 101456 then user ID is 101456001***)
- v. Your password details are given below:
 - a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c. How to retrieve your 'initial password'?

If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

- vi. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
 - a. Click on '**Forgot User Details/Password?**' option available on www.evoting.nsdl.com (If you are holding shares in your demat account with NSDL or CDSL).
 - b. Click on '**Physical User Reset Password?**' option available on www.evoting.nsdl.com (If you are holding shares in physical mode).
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

- d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
- vii. After entering your password, tick on 'I hereby agree to all Terms and Conditions'.
- viii. Now, you will have to click on 'Login' button.
- ix. After you click on the 'Login' button, Home page of e-voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system

- i. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then click on Active Voting Cycles.
 - ii. After clicking on Active Voting Cycles. You will be able to see all the Companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.
 - iii. Select 'EVEN' of the Company for casting your vote:
 - iv. Now you are ready for e-voting as the Voting page opens.
 - v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
 - vi. Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 - viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- e) **Instructions for remote e-voting during AGM**
- i. The procedure for remote e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC/OAVM.
 - ii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who will be present in the AGM through VC/OAVM facility but have not cast their vote on the resolutions by availing the remote e-voting facility and are otherwise not barred from doing so. The remote e-voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
 - iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

General Guidelines for Shareholders

- Institutional/corporate Shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authority letter, etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting, to the Scrutinizer by email to vidhi.scrutinizer@hkacs.com with a copy marked to evoting@nsdl.co.in.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/ Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdcl.com to reset the password.
- In case of any queries/grievances pertaining to remote e-voting (prior to and/or during the AGM), you may refer to the Frequently Asked Questions ('FAQs') for Shareholders and e-voting user manual for Shareholders available in the 'Downloads' section of www.evoting.nsdcl.com or call on toll free number: 1800-222- 990 or send a request at evoting@nsdl.co.in.

In case of any grievances connected with facility for e-voting, please contact Mr. Amit Vishal, Senior Manager, NSDL email id: amitv@nsdl.co.in telephone no: 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL email id: pallavid@nsdl.co.in telephone no: 022-24994545.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to vdmlcs@hotmail.com.
 2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to vdmlcs@hotmail.com.
- f) **Instructions for Members for attending AGM through VC / OAVM**
- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system and they may access the same at [https:// www.evoting.nsdcl.com](https://www.evoting.nsdcl.com) under the Shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of the Company will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush. Further, Members may also use the OTP based login for logging into the e-voting system of NSDL.
 - ii. Members may join the Meeting through Laptops, Smart phones, Tablets and iPads but for better experience Members are encouraged to join the meeting through Laptops. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.

Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
 - iii. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach

the Company's email address vdmlcs@hotmail.com on or before 5.00 p.m. (IST) on Tuesday, September 22, 2020. The same will be replied by the company suitably.

- iv. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting and will be available for Members on first come first served basis.
 - v. Members, who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/1800-222-990 or contact Mr. Amit Vishal, Senior Manager, NSDL email id: amitv@nsdl.co.in telephone no: 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL email id: pallavid@nsdl.co.in telephone no: 022-24994545.
30. 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.
 31. The Scrutinizers shall immediately, after the conclusion of voting at the AGM, first count the votes cast during the meeting and thereafter unblock the votes cast through remote e-voting 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.
 32. 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 NSDL i.e. <https://www.evoting.nsdl.com>. The Company shall also simultaneously forward the results to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed.
 33. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Twenty-Seventh AGM i.e. Tuesday, September 29, 2020.

**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, 2020
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-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY

Item No. 5:

The Board of Directors, on the basis of recommendation of the Nomination and Remuneration Committee, by passing a circular resolution on March 19, 2020 had appointed Mrs. Jyoti Sunil Modi (DIN: 08699101) as an Additional Independent (Woman) Director of the Company, not liable to retire by rotation, for a term of 5 (five) years w.e.f. March 19, 2020 to March 18, 2025, 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, she 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 Mrs. Jyoti Sunil Modi (DIN: 08699101) for the office of Director.

The Company has received declaration from Mrs. Jyoti Sunil Modi (DIN: 08699101) to the effect that she 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In terms of Regulation 25(8) of Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties. In the opinion of the Board, she fulfills the conditions specified in the Act, Rules and Listing Regulations for appointment as an Independent Director and she is independent of the Management of the Company.

The Company has received following documents from Mrs. Jyoti Sunil Modi (DIN: 08699101):

- (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 she is not disqualified to become a Director under the Act;
- (iii) Declaration that she meets the criteria of independence as provided under section 149 of the Act and 16(1) (b) of the Listing Regulations.

The Nomination and Remuneration Committee has recommended appointment of Mrs. Jyoti Sunil Modi (DIN: 08699101) as an Independent Director for a term of 5 (five) consecutive years. In the opinion of the Board of Directors, Mrs. Jyoti Sunil Modi (DIN: 08699101) fulfill the conditions specified in the Act, Rules made thereunder and Listing Regulations, as amended, for her appointment as an Independent Director of the Company and that she is independent of the Management and is not disqualified to become Director under the Act. The Board believes that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director. Accordingly, the Board of Directors recommends her appointment as an Independent Director of the Company, not liable to retire by rotation for a term of 5 (five) years w.e.f. March 19, 2020 to March 18, 2025.

The brief profile of Mrs. Jyoti Sunil Modi (DIN: 08699101), nature of her expertise, names of Companies in which she 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 Annexure to the Notice convening this AGM.

The terms & conditions of her appointment, consent to act as Directors, declaration by proposed appointee and notice received u/s 160 of the Companies Act, 2013, will be available electronically for inspection by the

Members during the AGM. The said documents will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. September 29, 2020. Members seeking to inspect such documents can send an email to vdmlcs@hotmail.com.

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

Mrs. Jyoti Sunil Modi (DIN: 08699101) and her relatives are concerned or interested in the Resolution mentioned at Item No. 5 relating to her own appointment. None of the other Directors and Key Managerial Personnel of the Company are in any way, concerned or interested, in the Resolution set out at Item No. 5 of the Notice.

Item No. 6:

Mr. Mihir Bipin Manek (DIN: 00650613) has been involved in leading the food colour manufacturing business of the Company successfully and has been instrumental in achieving substantial growth for the Company. Owing to his outstanding qualities, experience and performance over the years, he was designated as a Joint Managing Director of the Company and re-appointed from time to time. He was previously re-appointed by the Members of the Company at the 22nd Annual General Meeting of the Company held on September 16, 2015 as the Joint Managing Director of the Company with effect from July 15, 2015 for a period of five years i.e. till July 14, 2020 on continuation basis, without any interruption/ break in service, on various terms and conditions including remuneration as approved at the 22nd Annual General Meeting and amended in the 23rd AGM and 26th AGM. The tenure of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director was expiring on July 14, 2020.

Considering the responsibilities entrusted to him and based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and all other applicable provisions of the Act and all applicable Rules made under the Act, the Board of Directors in their Meeting held on June 25, 2020 has unanimously approved the re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director for a further period of Five years w.e.f. July 15, 2020 and ending on July 14, 2025 on existing terms and conditions and remuneration. The aforesaid re-appointment is on a continuation basis without any interruption/break in the service and is subject to the approvals, consents, permissions, sanctions and the like of the Members of the Company and all other concerned statutory and other authorities, if and to the extent applicable and required.

Mr. Mihir Bipin Manek (DIN: 00650613) satisfies all the applicable conditions as set out under Section 196 read with Schedule V of the Act for being eligible for the office of the Joint Managing Director. The Company has received from him consent to act as the Joint Managing Director of the Company.

Pursuant to the provisions of Section 190 of the Act, the written memorandum setting out the terms and conditions including remuneration and other relevant documents are open for inspection by the Members electronically without payment of any fees. The material terms and conditions of the re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director, as given in Joint Managing Director Agreement, are as follows:

a) Designation and period of re-appointment:

Mr. Mihir Bipin Manek (DIN: 00650613) has been re-appointed as Joint Managing Director under the provisions of Section 196 and all other applicable provisions, if any, of the Act. The aforesaid re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) is for the period of 5 (five) years commencing from July 15, 2020 and ending on July 14, 2025, on continuation basis, without any interruption/ break in service. His period of office shall be liable to determination by retirement of Directors by rotation.

b) Remuneration:

- a. **Salary:** Rs. 5,00,000/- (Rupees Five Lacs 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.

Sitting fees

The Joint Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof so long as he continues as Joint Managing Director.

c) Overall Limit:

The remuneration referred to in Clause (b) hereof is subject to the limit of 5% of the Annual Net Profits of the Company calculated pursuant to Section 197 and 198 of the Act and further subject to the overall limit of 10% on the remuneration of all the Managing Directors/Whole-time Directors of the Company.

d) Termination

The aforesaid re-appointment may be terminated by either party by giving to the other party not less than three months' prior notice in writing of such termination or payment in lieu of notice.

The terms and conditions of the aforesaid re-appointment/employment including but not limited to the remuneration payable to Mr. Mihir Bipin Manek (DIN: 00650613) may be revised, modified, altered and varied from time to time as may be determined by the Board at its sole discretion.

It is proposed to seek the Members approval for re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director of the Company for a further period of five years. Details of remuneration paid to Mr. Mihir Bipin Manek (DIN: 00650613) during the financial year 2019-20 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 annexure to the notice convening this AGM.

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 his parents, are concerned or interested

in the Resolution at Item No. 6 of the accompanying notice relating to re-appointment of Joint Managing Director.

As on March 31, 2020, 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. 6 of the Notice.

Accordingly, the Board recommends the Ordinary Resolution in relation to the re-appointment of Mr. Mihir Bipin Manek (DIN: 00650613) as set forth in Item No. 6 of the notice for the approval of the Members.

All the documents referred in the resolution mentioned at Item No. 6 and explanatory statement thereto will be available electronically for inspection by the Members during the AGM. The said documents will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. September 29, 2020. Members seeking to inspect such documents can send an email to vdmlcs@hotmail.com.

Item No. 7:

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 26th Annual General Meeting held on September 23, 2019 has approved payment of remuneration of Rs. 6,00,000 (Rupees Six Lakhs Only) per annum (Rs. 50,000/- 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 with effect from financial year 2019-20 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, 2024.

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 2020-21, as per the 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 Rs. 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 2020-21. 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. 7 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, 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. 7 of the accompanying Notice, being resolution related to payment of remuneration to him.

Item No. 8:

As per Regulation 17(6)(e) the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Amendment Regulations') 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. Since remuneration of both the Executive Directors were increased in the 26th AGM, again approval of the Members was taken in the 26th AGM of the Company held on September 23, 2019 under regulation 17(6)(e) of the Listing Regulation.

Subsequent to that approval, the Board of Directors in their meeting held on June 25, 2020, on recommendation of the Nomination and Remuneration Committee, has re-appointed Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director of the Company for a further period of five years w.e.f. July 15, 2020 and approved the remuneration payable to him as mentioned in the Explanatory Statement to Resolution no. 6 of the notice of this AGM.

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, Mr. Mihir Bipin Manek (DIN: 00650613) is re-appointed after taking approval under Regulation 17(6)(e) of the Listing Regulations in the 26th AGM, 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. 8 as set out in the accompanying notice for the approval of Members for re-appointment and payment of remuneration to Mr. Mihir Bipin Manek (DIN: 00650613) 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. 8 of the accompanying notice.

As on March 31, 2020, 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. 8 of the accompanying Notice.

All the documents referred in the resolution mentioned at Item No. 8 and explanatory statement thereto will be available electronically for inspection by the Members during the AGM. The said documents will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. September 29, 2020. Members seeking to inspect such documents can send an email to vdmlcs@hotmail.com.

Annexure to Item Nos. 5 to 8 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. Jyoti Sunil Modi	Mr. Vijay Krishnaswamirao Atre
DIN	08699101	00416853
Date of Birth	November 06, 1970	April 06, 1925
Age	49 years	95 Years
Qualifications	B.A. and B.H.S.C.	M. Sc.
Nationality	Indian	Indian
Experience	She has an experience of more than 3 years in food industry	Over 41 years of rich experience in the field of food colours manufacturing unit.
Terms and conditions of appointment/re-appointment	Proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years w.e.f. March 19, 2020 till March 18, 2025.	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.
Date of first appointment on the Board	March 19, 2020	May 02, 1995
Shareholding in the Company	Nil	25,000 Equity Shares of Rs. 1/- each
List of Directorships held in other Companies	Nil	Nil
Committee Chairmanship/ Membership in other Companies	Nil	Nil

Name of the Director	Mr. Mihir Bipin Manek
DIN	00650613
Date of Birth	March 08, 1982
Age	38 years
Qualifications	B. Sc. in Industrial Chemistry
Nationality	Indian
Experience	14 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	Re-appointed for further period of Five years w.e.f. July 15, 2020 till July 14, 2025 on payment of remuneration and other terms as given in Explanatory Statement to Item no. 6.
Date of first appointment on the Board	July 31, 2006
Shareholding in the Company	Nil
List of Directorships held in other Companies	Arjun Food Colorants Manufacturing Private Limited
Committee Chairmanship/Membership in other Companies	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,**

Date: August 14, 2020
Place: Mumbai

Sd/-
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

BOARD'S REPORT

To,
The Members,
Vidhi Specialty Food Ingredients Limited

Your Directors take pleasure in presenting the **Twenty-Seventh Annual Report** on the business and operations of your Company together with the Audited Financial Statement for the financial year ended March 31, 2020.

1. Financial Summary or Highlights:

The financial highlights of the Company are as follows:

Particulars	Current Year		Previous Year	
	2019-20		2018-19	
Total Income		22,526.05		22,894.15
Total Expenditure (excluding Depreciation)		17,709.56		18,571.05
Profit for the year before providing Depreciation		4,816.49		4,323.10
Less: Depreciation	283.38		238.34	
Less: Exceptional Items	Nil	283.38	Nil	238.34
Profit before Tax		4,533.11		4,084.76
Less: Provision for Taxation				
Current Year	1172.00		1,197.00	
Earlier Year	Nil		Nil	
Deferred Tax	(46.87)	1,125.13	(17.76)	1,179.24
Profit after Tax		3,407.98		2,905.52
Add: Other Comprehensive Income		(15.18)		8.57
Total Comprehensive Income		3,392.80		2,914.09
Add: Profit brought forward from Previous Year		8,448.30		6,308.79
Total Profit in Balance Sheet		11,841.10		9,222.88
Less: Appropriation				
Dividend Paid	499.45		399.56	
Transfer to General Reserve	339.28		291.41	
Dividend Distribution Tax	104.51		83.61	
Transitional Provisions (Ind-AS 116)	0.84	944.08	0.00	774.58
Balance Profit carried to Balance Sheet		10,897.02		8,448.30

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

During the year under review, total income of the Company was contracted by 1.61% for the year ended March 31, 2020 to Rs. 22,526.05 lakhs as against Rs. 22,894.15 lakhs achieved during the previous year. Even though the Company's income was reduced, in view of the better margin and control on cost, profit before tax for the year was increased to Rs. 4,533.11 lakhs as against Rs. 4,084.76 lakhs in the previous year registering a growth of 10.98%. Further, profit after tax from continuing operations for the year ended

March 31, 2020 was increased by 17.29% to Rs. 3,407.98 lakhs as against profit after tax of Rs. 2,905.52 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 3,788.88 MT of food colours against 3,530.81 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. COVID-19 and Cyclone Nisarga:

In the last month of the financial year 2019-20, the COVID-19 has started spreading rapidly which prompted WHO to declare it a Global Pandemic. It was global crisis forcing governments to enforce complete lockdowns in whole Country. Except, essential services, all other economic activity has been stopped. The lock down was enforced in majority of countries in the world in order to stop it spread further.

In view of the same, the manufacturing activities of the Company were stopped during the period March 20, 2020 to April 04, 2020 as workers were not available. During this period from April 05, 2020 to June 01, 2020 the Company was working with controlled Manpower capacity considering the safety of employees and guidelines issued by authorities from time to time. Further, the production was 70% of average production of the Company.

As health and safety of our employees, business partners and customers is of the utmost priority to the Company, the Company is taking necessary precautions like sanitization, providing masks, hand sanitizers, disinfectants and temperature checks for staff and essential visitors at all our facilities. The Company had obtained relevant approvals from local government authorities and ensured compliance with safety norms. Further, the Company had provided IT infrastructure & connectivity to most of staff engaged in activities/ department other than Manufacturing to efficiently enable them to 'Work from Home' and minimize the spread of COVID.

COVID - 19 has impacted supply chain as import and export activities are carried out during the lockdown period as permitted by the Central & State government but not very efficiently due to shortage of labour. Shortage of labours as well as drivers to operate trucks for container handling and transportation has affected smooth evacuation from/to Nhava heva leading to increase in dwell time. Fighting with all the circumstances management was successful supplying all raw materials to factory.

There is no decline whatsoever in demand for synthetic food colours in this situation as food colours are supplied to essential items like pharmaceuticals, food, feed, beverage, home care, personal care products etc.

Company's manufacturing facilities are situated in Dhatav, MIDC situated in the Roha district of Maharashtra. On the June 03, 2020 due to severe Cyclonic Storm Nisarga approximately 11:30 a.m. heavy rainfall had started falling in Dhatav MIDC and the wind speed started increasing. The heavy to very heavy rainfall along with very strong wind remained till 05:30 p.m. on that day. Due to this cyclone there was heavy damage to the roofs at manufacturing facilities, electrical motors, VFDs and other such components and machinery, spoiling of raw materials, in process goods as well as finished goods, in our factory.

After Cyclone Nisarga passed and situation normalised, the Company started assessing the total estimated loss due to the above Cyclone Nisarga. Further, to assess the impact of cyclone on Machinery, the Management had waited till the electricity supply resumed. Since, the Company has adequately insured all it's assets, the Company has submitted its claim with its insurer for the losses incurred due to Cyclone. Due to Cyclone Nisarga, the factory operations remained stopped during June 03, 2020 to June 09, 2020. The factory becomes fully operational from June 10, 2020.

The Government has started giving relaxation in restriction imposed due to lock down imposed in view of COVID-19 and situation are slowly normalising. There are uncertainties due to the pandemic and reversal of the positive momentum gained in the last quarter of FY2020, the strong balance sheet position, best-in-class profitability and inherent resilience of the business model position the Company well to navigate the challenges ahead and gain market share.

4. 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.

5. Dividend:

Your Directors are pleased to recommend a final dividend of Rs. 0.20/- (Twenty Paise Only) per equity share of Rs. 1/- each fully paid up (i.e. 20%) for the financial year ended March 31, 2020. The total outflow on dividend account will be Rs. 99.89 lakhs. 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/dispached 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 Tuesday, September 22, 2020 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 Tuesday, September 22, 2020 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 2019-20 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 14, 2019	20% per share	Rs.0.20/- per share	Rs.99.89 lakhs
2 nd Interim Dividend	November 12, 2019	20% per share	Rs.0.20/- per share	Rs.99.89 lakhs
3 rd Interim Dividend	February 11, 2020	40% per share	Rs.0.40/- per share	Rs.199.78 lakhs

*excluding Dividend Distribution Tax paid by the Company.

Total dividend payout for the year 2019-20 (including final dividend to be declared in the ensuing AGM) is Rs. 1/- per equity share of Rs.1/- each against Rs.0.80/- per equity share for previous year.

6. Reserves:

The Board, during the year under review, has transferred Rs. 339.28 lakhs (PY Rs. 291.41 lakhs) to General Reserves.

7. Investor Education and Protection Fund (IEPF):

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required

to be transferred by the Company to the IEPF, after the completion of seven years. Further, according to the IEPF Rules, the shares on 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 of the IEPF Authority. During the year, the Company has transferred the unclaimed and unpaid dividend of Rs. 87,355/-. The said dividend pertain to the 1st Interim Dividend for the financial year 2012-13 declared on November 12, 2012. Further, 99,062 corresponding equity shares on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF Rules. Further, the details of unclaimed dividend and due dates for transfer of unclaimed dividend to IEPF account has been given in Notes to the Notice calling Twenty-Seventh AGM and are also available on our website, at http://www.vidhifoodcolour.com/investor_relation.php?m=52.

8. 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 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. However, the Company did not have any Joint Venture or Associate Company during the year under review. During the year under report no Company become or ceased to be joint ventures or Associate Companies. Further, during the year no Company ceased to be Subsidiary of the Company.

Arjun Food Colorants Manufacturing Private Limited did not have any business operation during the year 2019-20.

As required pursuant to first proviso to sub section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014, Form AOC-1 forms part of this report, appended as **Annexure A**

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company consolidated financial statements along with relevant documents and separate audited financial statement in respect of subsidiary, are available on the website of the Company at http://www.vidhifoodcolour.com/investor_relation.php?m=52.

9. Directors and Key Managerial Personnel:

As on the date of this Report, your Company has 9 (Nine) Directors consisting of 5 (Five) Independent Directors including 1 (One) Independent Woman Director, 2 (Two) Executive Directors and 2 (Two) Non-Executive Directors including a Woman Director (Promoter).

In pursuance of the provisions of Section 152(6) of the Companies Act, 2013 ("Act") and Articles of Association of the Company, Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) retires by rotation from the Board in the ensuing AGM and, being eligible for re-appointment, has offered himself for reappointment. The Board of Directors recommends his re-appointment to the Members of the Company.

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

- a. 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 26th AGM u/s 149 and 161 of the Act. The Members in the 26th AGM has approved the said appointment.
- b. Mrs. Jyoti Sunil Modi (DIN: 08699101) was appointed as an Additional Independent Non-Executive Director w.e.f. March 19, 2020 for a period of five years i.e. upto March 18, 2025 subject to the approval of the Members of the Company in the ensuing AGM u/s 149, 160 and 161 of the Act.

- c. Ms. Sherry Jain (Membership No.: A57258), Company Secretary & Compliance Officer of the Company, had resigned from the Company w.e.f. January 11, 2020 due to better future prospects.
- d. Mr. Awdhesh Kumar Pandey (Membership No.: A60501), was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. February 11, 2020.

After closure of financial year, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on June 25, 2020 has re-appointed Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director for a period of five years w.e.f. July 15, 2020 on existing terms and conditions. The said re-appointment is subject to the approval of the Members in the ensuing AGM.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), 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 the Listing Regulations 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 Regulation 17(6)(e) of the Listing Regulations, 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 June 25, 2020 had approved re-appointment and payment of remuneration to Mr. Mihir Bipin Manek (DIN: 00650613) as Joint Managing Director w.e.f. July 15, 2020 for their remaining tenure. In order to comply with the Listing Regulations, a Special Resolution is proposed in the ensuing AGM for payment of remuneration to Executive Director.

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 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%20Polices/14.%20Terms%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
- Mr. Awdhesh Kumar Pandey, Company Secretary and Compliance Officer

10. 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 12, 2019. The Board of Directors undertook evaluation of Independent Directors at their meeting held on August 14, 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

11. 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 2019-20.

The details of training and familiarization programs are available on our website at <http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Polices/5.%20Familiarisation%20Programme%20of%20Independent%20Directors.pdf>

12. 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 B** to this Report.

13. 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*.

14. Committees of the Board:

As on March 31, 2020, the Board had four Committees namely, Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee and Corporate Social Responsibility Committee. The Composition of all the Committees is in line with the requirement of the Act and the Listing Regulations. During the year, all the recommendations made by the Committees were approved by the Board.

A detailed note on the composition of the Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee is provided separately in the *Report on Corporate Governance*.

15. Corporate Social Responsibility Committee (CSR Committee):

Since net profit of the Company is in excess of Rs. 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. Nirenbhai 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 August 14, 2019 and February 11, 2020.

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/4.%20CSR%20Policy.pdf>

Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure C** 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/13.%20Vigil%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 2019-20.

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 2019-20 and issue Secretarial Audit Report. Secretarial Audit Report issued by M/s. Hemanshu Kapadia & Associates for the financial year 2019-20 in Form MR-3 forms part of this report and annexed hereto as **Annexure D**.

The Secretarial Auditor has qualified the Secretarial Audit Report dated August 14, 2020. 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	The Compliance Officer of the Company had resigned w.e.f. closing working hour of January 11, 2020. The Company has appointed the existing Compliance Officer w.e.f. February 11, 2020. Hence, there was no Compliance Officer during the period January 12, 2020 till February 10, 2020.	In the SEBI Listing Regulation, 2015, there is no timeline given for filling casual vacancy in the office of Compliance Officer. However, the Company, within one month of resignation of existing Company Secretary and Compliance Officer, has appointed Mr. Awdhesh Kumar Pandey as a Company Secretary designated as Compliance Officer of the Company.
2	As per regulation 20(3) of Listing Regulations the Chairperson of Stakeholders Relationship Committee shall be present at the Annual General Meeting. Mrs. Pravina Bipin Manek (DIN: 00416533), Chairperson of the Stakeholders Relationship Committee of the Company, has not attended the 26 th Annual General Meeting of the Company held on September 23, 2019. However, in terms of Secretarial Standard – 2, the Chairperson authorized Mr. Prafulchandra A. Shah (DIN: 00417022), Member of the said Committee, to attend the meeting on her behalf and he has attended the meeting on her behalf.	Mrs. Pravina Bipin Manek (DIN: 00416533), Chairperson of the Stakeholders Relationship Committee of the Company, has not attended the 26 th Annual General Meeting of the Company held on September 23, 2019 due to prior commitment. However, in terms of Clause 4.1.1 of the Secretarial Standard – 2, Mrs. Pravina Bipin Manek (DIN: 00416533) has authorized Mr. Prafulchandra A. Shah (DIN: 00417022), Member of the said Committee, to attend the meeting on her behalf and he has attended the meeting on her behalf.
3	The 1 st interim dividend of the financial year 2019-20 declared in the Board Meeting held on August 14, 2019 was deposited in a separate account opened with schedule bank on 8 th days from the date of declaration of said dividend.	Immediately after the Board Meeting the Company has submitted the documents to the Bank for opening of Bank account but the Bank took time in opening dividend accounts which causes delay. As soon as the dividend accounts were opened, the requisite dividend amount was deposited in the respective dividend accounts.
4	The 2 nd interim dividend of the financial year 2019-20 declared in the Board Meeting held on November 12, 2019 was deposited in a separate account opened with schedule bank on 11 th days from the date of declaration of said dividend.	

18. Auditors:

a) Statutory Auditors:

On the recommendation of the Audit Committee and the Board, the Members in their Twenty-Fourth AGM had 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 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and on the basis of the recommendation of Audit Committee, the Board in their meeting held on June 25, 2020 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 2020-21 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 June 25, 2020 had appointed M/s. Jayesh Kothari & Co., Chartered Accountants, (FRN: 148528W) as the Internal Auditors of the Company for the financial year 2020-21.

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 E** 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 F** 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 at the following link: http://www.vidhifoodcolour.com/pdf/4.%20Annual%20Reports/2019-20/1.0%20MGT-9_2019-20.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 on Corporate Governance.

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, 2020, 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, 2020 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, 2020; 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, 2020.

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/9.0%20Codes%20and%20Polices/10.%20Policy%20of%20Determination%20of%20Materiality%20of%20Events.pdf>

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

The Company has not given any loan, except loan to employees and loan to Wholly-owned Subsidiary Company, or given guarantee or provided securities as covered under section 186 of the Act.

Further, 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 financial year under report, making the said Company as the Wholly Owned Subsidiary of the Company.

The details of loan given and Investment made by the Company have been given in the Financial Statement.

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 2019-20.

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. Business Responsibility Report (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for the top 1,000 listed entities based on market capitalization. Since your Company is Top 1,000 Companies by Market Cap, in compliance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report as **Annexure G**.

34. 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.

35. 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

Date: August 14, 2020
Place: Mumbai

Sd/-
Bipin Madhavji Manek
Chairman & Managing Director
(DIN: 00416441)
Address: Flat No.12, Somerset House,
Off Bhulabhai Desai Road,
Warden Road, Mumbai – 400 026

Form No. AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries or Associate Companies or Joint Ventures**Part "A": Subsidiaries**

(Information in respect of each subsidiary is presented with amounts in Rupees)

(Amount in Rs. Lacs)

Sr. No.	Name of the subsidiary	Arjun Food Colorants Manufacturing Private Limited
	The date since when subsidiary was acquired	April 22, 2019
	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	01.04.2019 to 31.03.2020
	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign Subsidiaries	Not Applicable
	Share capital	8.28
	Reserves & surplus	509.12
	Total assets	525.32
	Total Liabilities	7.93
	Investments	Nil
	Turnover	0.00
	Profit before taxation	3.83
	Provision for taxation	0.00
	Profit after taxation	3.83
	Proposed Dividend	Nil
	Extent of shareholding	100.00%

Notes:

- Names of subsidiaries which are yet to commence operations: **Arjun Food Colorants Manufacturing Private Limited**
- Names of subsidiaries which have been liquidated or sold during the year: **Not Applicable**

Part "B": Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Not applicable as the Company did not have any Associate Company or Joint Venture during the reporting period.

For and on behalf of Board of Directors

Vidhi Specialty Food Ingredients Limited,

Sd/-
Bipin Manek
Managing Director
(DIN: 00416441)

Sd/-
Mihir Manek
Joint Managing Director
(DIN: 00650613)

Sd/-
Mitesh Manek
Chief Financial Officer

Sd/-
Awdhesh Pandey
Company Secretary

Date: August 14, 2020

Place: Mumbai

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 Rs. 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/-

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, 2020

Place: Mumbai

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, 2020:

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

3. Average net profit of the Company for last three financial years: Rs.2,962.91 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.59.26 lakhs

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year under review: Rs. 59.26 lakhs
Amount decided to be spent on CSR for the year 2019-20: Rs. 59.92 Lakhs
- b) Amount unspent, if any: Nil
- 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	Rs.59.92 Lakhs	Rs. 61.00 Lakhs*	Rs.61.00 Lakhs*	The Shirpur Education Society, Shirpur, Dhule
	TOTAL			Rs. 59.92 lakhs	Rs.61.00 lakhs	Rs.61.00 lakhs	

**This amount include Rs. 1,08,292/- spent towards Company's CSR obligation for the financial year 2018-19, which was remained unspent and Rs.59,91,708/- towards Company's CSR obligation for the year 2019-20.*

6. Reasons for not spending the prescribed amount:

Not Applicable as there is no unspent amount.

7. Responsibility statement of the CSR Committee:

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

Sd/-

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

Sd/-

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

Date: August 14, 2020

Place: Mumbai

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2020

[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, 2020 (“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, 2020, 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, 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 Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable to the Company during the audit period as the Company has not bought back its securities);**
- i. 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. *The Compliance Officer of the Company had resigned w.e.f. closing working hour of January 11, 2020. The Company has appointed the existing Compliance Officer w.e.f. February 11, 2020. Hence, there was no Compliance Officer during the period January 12, 2020 till February 10, 2020,*
2. *As per regulation 20(3) of Listing Regulations the Chairperson of Stakeholders Relationship Committee shall be present at the Annual General Meeting. Mrs. Pravina*

Bipin Manek (DIN: 00416533), Chairperson of the Stakeholders Relationship Committee of the Company, has not attended the 26th Annual General Meeting of the Company held on September 23, 2019. However, in terms of Secretarial Standard – 2, the Chairperson authorized Mr. Prafulchandra A. Shah (DIN: 00417022), Member of the said Committee, to attend the meeting on her behalf and he has attended the meeting on her behalf,

3. *The 1st interim dividend of the financial year 2019-20 declared in the Board Meeting held on August 14, 2019 was deposited in a separate account opened with schedule bank on 8th days from the date of declaration of said dividend, and*
4. *The 2nd interim dividend of the financial year 2019-20 declared in the Board Meeting held on November 12, 2019 was deposited in a separate account opened with schedule bank on 11th days from the date of declaration of said dividend.*

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 April 01, 2019 to June 19, 2019, the Company was having only 3 Independent Directors. Thereafter, the Company has appointed an Independent Director on June 20, 2019, i.e. within the period 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 following appointment/re-appointment:

- a) Mr. Ashit Kantilal Doshi (**DIN: 08486679**) was appointed as an Additional Independent Non-executive Director for a period of five years w.e.f. June 20, 2019. The said appointment was also approved by the Members in the 26th Annual General Meeting held on September 23, 2019;
- b) Ms. Jyoti Sunil Modi (DIN: 08699101) was appointed as an Additional Independent Non-executive (Woman) Director for a period of five years w.e.f. March 19, 2020; and
- c) At the 26th Annual General Meeting held on September 23, 2019 has re-appointed following Independent Directors for a second term of five financial years:
 - i) Mr. Prafulchandra Anantlal Shah (DIN: 00417022) w.e.f. September 27, 2019;
 - ii) Mr. Niren Dinkerrai Desai (DIN: 01978382) w.e.f. September 27, 2019; and
 - iii) Mr. Rahul Chakradhar Berde (DIN: 06981981) w.e.f. September 30, 2019.

Notices of the Board/Committee Meetings were given to all the Directors along with 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
Practicing Company Secretaries**

Sd/-

**Hemanshu Kapadia
Proprietor**

C.P. No.: 2285

Membership No.: F3477

UDIN: **F003477B000582033**

Date: August 14, 2020

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.

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.
7. Owing to lockdown due to COVID-19 pandemic, we could not undertake physical audit of the documents and have relied on the scanned copies and management representation provided by the Management.

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

Sd/-
Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: F3477
UDIN: **F003477B000582033**

Date: August 14, 2020
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.

(Rs. in lakhs)

Particulars	Financial year 2019-20
Research & Development Activities	NIL

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:

(Rs. in lakhs)

Particulars	Financial year 2019-20	Financial year 2018-19
Foreign Exchange Inflow	17,088.87	16,955.44
Foreign Exchange Outflow	6,503.26	7,597.63

For and on behalf of the Board of Directors

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, 2020

Place: Mumbai

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 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/KMP (in Rs.)	% Increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Bipin Madhavji Manek (DIN: 00416441) Chairman and Managing Director	Rs.2,02,50,000/-	15.37	70.18
2.	Mr. Mihir Bipin Manek (DIN: 00650613) Joint Managing Director	Rs.2,02,50,000/-	17.39	70.18
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	Rs.4,41,600/-	47.20	1.53
5.	Mr. Prafulchandra Anantlal Shah@ (DIN: 00417022) Independent Director	Rs.42,500/-	6.25	0.15
6.	Mr. Niren Dinkerrai Desai@ (DIN: 01978382) Independent Director	Rs.42,500/-	6.25	0.15
7.	Mr. Rahul Chakradhar Berde@ (DIN:06981981) Independent Director	Rs.32,500/-	6.25	0.11
8.	Mr. Ashit Kantilal Doshi@% (DIN: 08486679) Independent Director	Rs.32,500/-	N.A.	0.11
9.	Mrs. Jyoti Sunil Modi@^ (DIN: 08699101) Independent Director	Nil	N.A.	N.A.
10.	Mr. Mitesh Dinesh Manek Chief Financial Officer	Rs. 18,00,000/-	0.00	N.A.
11.	Ms. Sherry Jain Company Secretary & Compliance Officer#	Rs. 3,30,000/-	N.A.	N.A.
12.	Mr. Awdhesh Kumar Pandey Company Secretary & Compliance Officer^	Rs.49,655/-	N.A.	N.A.

*Mrs. Pravina Bipin Manek (DIN: 00416533) do not draw any remuneration from the Company.

@The remuneration of Independent Directors covers sitting fees only.

%Appointed on the Board of Directors of the Company w.e.f. June 20, 2019. Hence, percentage increase for him cannot be provided.

^Appointed on the Board of Directors of the Company w.e.f. March 19, 2020. Hence, percentage increase for her cannot be provided.

Ms. Sherry Jain had resigned from the Company w.e.f. w.e.f. January 11, 2020. Hence, percentage increase for her cannot be provided.

& Mr. Awdhesh Kumar Pandey was appointed w.e.f. February 11, 2020. Hence, percentage increase for him 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 6.28% in the median remuneration of employees.

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

There were 66 (Including KMPs) permanent employees on the pay roll of the Company as on March 31, 2020.

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. 2019-20 was 8.08% whereas the percentile increase in the managerial remuneration for the Financial Year 2018-19 was 63.31%.

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	Rs. 2,02,50,000/-	Rs. 2,02,50,000/-
Nature of employment	Executive Director	Executive Director
Qualifications and Experience	B.Com with an overall experience of 34 years in the field of Imports & Exports in food colour industries and business management	B.Sc. in Industrial Chemistry with an overall experience of 14 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	64 years	38 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 (28.25%) Holding of the spouse: 1,79,90,667 Equity Shares (36.02%)	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.*

Sr. No.	3	4
Name	Mitesh Dinesh Manek	Parag Y Surve
Designation	Chief Financial Officer	Works Manager
Remuneration paid	Rs. 18,00,000/-	Rs. 12,07,500/-
Nature of employment	Key Managerial Personnel	Permanent
Qualifications and Experience	M.Com with an overall experience of 17 years in finance and administration	M.Sc. with an overall experience of 24 years in production and administration
Date of commencement of employment	April 1, 2002	July 1, 1996
Age	42 years	48 years
Previous Employment	He was not employed before joining the Company	He was not employed before joining the Company
No. of shares in the Company along with his spouse and dependent children	Holding of spouse: 1,00,000 Equity Shares (0.20%)	Individual Holding: 4,000 Equity Shares (0.01%)
Whether relative of Director or employee	Not related	Not related

Sr. No.	5	6
Name	Manoj M Jadhav	Dinesh S Patil
Designation	Senior R&D Officer	Senior R&D Executive
Remuneration paid	Rs. 11,76,000/-	Rs. 7,74,000/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	Ph.D. with an overall experience of 7 years in Research and Development	Ph.D in Chemistry
Date of commencement of employment	September 16, 2016	January 1, 2018
Age	34 years	31 years
Previous Employment	Rallis India Limited	Synyenta Biosciences Private Limited
No. of shares in the Company along with his spouse and dependent children	516 Equity Shares (0.00%)	Nil
Whether relative of Director or employee	Not related	Not related

Sr. No.	7	8
Name	Jaysingh K Burundkar	Milind R Patil
Designation	Maintenance Manager	Quality Control Manager
Remuneration paid	Rs. 6,38,640/-	Rs. 6,05,640/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	B.E. with an overall experience of 27 years in maintenance of plant, machinery and other assets	M.Sc. with an overall experience of 27 years in quality control
Date of commencement of employment	April 1, 2014	April 1, 1996
Age	46 years	48 years
Previous Employment	Roha Dyechem Private Limited	Roha Dyechem Private Limited
No. of shares in the Company along with his spouse and dependent children	Nil	Nil
Whether relative of Director or employee	Not related	Not related

Sr. No.	9	10
Name	Sagar Subhash Pathak	Jitendra P Chavan
Designation	Sr Export Executive	Stores Manager
Remuneration paid	Rs. 5,10,000/-	Rs. 5,03,784/-
Nature of employment	Permanent	Permanent
Qualifications and Experience	TY BSC (Chemistry & Botany) PGDM (Welingkar Mumbai) 7 years	B.Com with an overall experience of 22 years in store-keeping
Date of commencement of employment	April 01, 2011	June 15, 2000
Age	38 years	39 years
Previous Employment	Sun Pharmaceuticals 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

Date: August 14, 2020

Place: Mumbai

Sd/-

Bipin Madhavji Manek

Chairman & Managing Director

(DIN: 00416441)

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

Business Responsibility Report (BRR)

Securities and Exchange Board of India (SEBI) has mandated the requirement of submission of Business Responsibility Report (BRR) for the top 1000 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company is pleased to present its first BRR for the FY 2019-20 based on the suggested framework provided by SEBI.

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L24110MH1994PLC076156
2. **Name of the Company :** Vidhi Specialty Food Ingredients Limited
3. **Registered address:** E/27 Commerce Center 78, Tardeo Road, Mumbai – 400034
4. **Website:** www.vidhifoodcolour.com
5. **E-mail id:** mitesh.manek@vidhifoodcolour.com
6. **Financial Year reported:** April 1, 2019 to March 31, 2020
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Description
201	Manufacture of chemicals and chemical products

As per National Industrial Classification – Ministry of Statistics and Program Implementation

8. **List three key products / services that the Company manufactures / provides (as in balance sheet):**
Synthetic food colours, their Lakes and Blends.
9. **Total number of locations where business activity is undertaken by the Company:**
 - i. **Number of International Locations:** Nil
 - ii. **Number of Key National Locations:** Roha, Maharashtra and Mumbai, Maharashtra.
10. **Markets served by the Company - Local / State / National /International:** All

Section B: Financial Details of the Company as on March 31, 2020

1. Paid up Capital (INR): 499.45 Lakhs
2. Total Turnover (INR): 22,461.58 Lakhs (Including other operating income)
3. Total profit after taxes (INR): 3,407.98 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2% of the average net profit of the company for last three financial years.
5. List of activities in which expenditure in 4 above has been incurred: Details have been furnished separately at *Annexure C* to the Board's Report (Annual Report on CSR activities).

Section C: Other Details**1. Does the Company have any Subsidiary Company/ Companies?**

Yes, the Company has one wholly owned subsidiary - Arjun Food Colorants Manufacturing Private Limited.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Not Applicable, as presently the Subsidiary Company is inoperative and does not have any business operation.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

Company's Business Responsibility Policy and code of conducts extend to its wholly owned subsidiary, suppliers, distributors, vendors and other entities that the Company does business with and the said entities adhere to the policies and code of conducts of the Company. The business responsibility policy of the Company emphasizes on various parameters like conducting business in ethical manner, compliance with the law of the land, respect for human rights, corruption free business practices and many more. Approximately 30 to 60% of the entities that the Company does business with, participate in the BR initiatives of the Company.

Section D: BR Information**1. Details of Director/Directors responsible for BR****(a) Details of the Director / Directors responsible for implementation of the BR policy / policies:**

- DIN: 00650613
- Name: Mr. Mihir B. Manek
- Designation: Joint Managing Director

(b) Details of the BR head: Mr. Mihir B. Manek

Sr. No.	Particulars	Details
1.	DIN	00650613
2.	Name	Mr. Mihir B. Manek
3.	Designation	Joint Managing Director
4.	Telephone Number	022 - 61406666 / 23514349
5.	E-mail id	mihirmanek@live.in

2. Principle-wise (as per NVGs) BR policy / policies:

The Company has adopted the Business Responsibility Policy ('BRR') based on the nine (9) key principles and core elements of National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business ('NVG') issued by the Ministry of Corporate Affairs. BRR is applicable to the Company and its wholly owned subsidiary. This policy is supported by various policies and Guidelines already adopted by the Company:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability; **(P1)**

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle; **(P2)**

Principle 3: Businesses should promote the well-being of all employees; **(P3)**

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized; **(P4)**

Principle 5: Businesses should respect and promote human rights; **(P5)**

Principle 6: Businesses should respect, protect and make efforts to restore the environment; **(P6)**

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner; **(P7)**

Principle 8: Businesses should support inclusive growth and equitable development; **(P8)**

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner; **(P9)**

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words) The Company has various policies in place in compliance with the applicable laws, rules, regulations, guidelines, standards, etc.	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	http://www.vidhifoodcolour.com/investor_relation.php?m=52 All the policies required to be hosted on the website are available on the aforesaid link.								

7.	Has the policy been formally communicated to all relevant internal and external stakeholders? The BR Policy and other relevant policies are uploaded on the website of the Company.	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Explanation pertaining to serial no. 10 above:

By virtue of SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019, BRR made applicable to the Company w.e.f. 26.12.2019. During the financial year under review, audit/evaluation has not been carried out, However, Business Responsibility head and CSR committee of the Company have been monitoring the implementation and working of the Business Responsibility Policy of the Company.

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company within 3 months, 3-6 months, Annually, More than 1 year.

BR head supported by the senior officials of the Company, has initiated to review the implementation of the BR Policy and we plan to review the same on yearly basis. Corporate Social Responsibility Committee is entrusted to monitor the implementation of the BR Policy and same will be reviewed on a yearly basis.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has published a separate Business Responsibility Report ('BRR') for the financial year under review and is attached as *Annexure G* to the Board of Directors' Report. It is the first BRR published by the Company as the same has become applicable to the Company in the financial year 2019-20.

Section E: Principle-wise Performance

Principle 1: Business should conduct and govern themselves with ethics, transparency and accountability:

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company has adopted the Code of Conduct, ethics and business principles for directors and management personnel and Whistle Blower Policy. The said policies are extended at the group level. The code emphasizes on various parameters like conducting business in ethical manner, compliance with the law of the land, respect for human rights, corruption free business practices and many more.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the past financial year, no complain were reported by any stakeholders.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is engaged in the manufacturing of Synthetic food colours, their Lakes and Blends and is complying with the guidelines issued by Food Security and Standard Authority of India and other applicable regulations as amended from time to time.

2. Does the company have procedures in place for sustainable sourcing (including transportation)?
 - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has procedure in place for sustainable sourcing including transportation, and by 2020 its aim is to source 100% of the main raw material requirements sustainably.

3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company gives preference to local and small producers/providers of goods and services based near its manufacturing sites. Its managers regularly interact with such producers/providers of goods and services to improve their capacity and capability, particularly in the areas of manufacturing, quality and environment, health and safety standards.

4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has in-house facilities to recycle its waste and is continuously striving to minimise them. At present, it is recycling approximately 10% of its waste.

Principle 3: Business should promote the wellbeing of all employees:

1. Please indicate the total number of permanent employees: 66 (as on March 31, 2020)
2. Please indicate the Total number of employees hired on temporary/contractual/casual Basis: 22 (as on March 31, 2020)
3. Please indicate the Number of permanent women employees: 1 (as on March 31, 2020)
4. Please indicate the Number of permanent employees with disabilities: Nil
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees is members of this recognized employee Association?: NA
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year 2019-20 and pending, as on March 31, 2020: Nil
8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
 - a) Permanent Employees: 100%
 - b) Permanent Women Employees: 100%
 - c) Casual/Temporary/Contractual Employees: 100%
 - d) Employees with Disabilities: NA

Principle 4: Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

1. Has the company mapped its internal and external stakeholders? Yes/No

The Company has mapped its internal and external stakeholders, which includes employees, suppliers, vendors, service providers, investors, industry association, etc. through Annual General Meetings, factory visits, the shareholders get an opportunity to interact with the directors and senior management team. Through press release and newspaper advertisement, the Company furnishes all the relevant information to the stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

The Company continues its commitment to promote education including special education and employment enhancing vocational skills. The CSR policy of the Company is aligned to promote education in rural areas of Maharashtra.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.:

Yes, the Company has undertaken various initiatives pertaining to education and employment enhancing vocational skills in Dhule, Maharashtra through its implementing agency The Shirpur Education Society.

Principle 5: Business should respect and promote human rights:

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The BR Policy and other policies relating to the human rights cover the Company as well as other relevant stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Grievance redressal mechanism is in place to receive and address the stakeholders' complaints. No complaint has been received from the stakeholders as on March 31, 2020.

Principle 6: Business should respect, protect and make efforts to restore the environment:

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The policy extends to the Company and its wholly owned subsidiary.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has strategies for enhancing its own performance related to issues concerning the environment. It has adopted various measures to preserve biodiversity and conservation and striving to imply the same in its manufacturing process as well.

3. Does the company identify and assess potential environmental risks?

The Company has identified potential environmental risks and assess the same time to time. However, the Company has adopted appropriate measures to mitigate them and strives to minimize them.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No. However, the Company is actively exploring and evaluating opportunities related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company regularly undertakes many initiatives related to energy efficiency mainly by way of replacement of existing equipments by modern and energy efficient equipments. 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.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The effluents/emissions/waste generated by the manufacturing facilities of the Company are within the permissible limits given by CPCB/SPCB for 2019-20.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no pending show cause notices as on March 31, 2020.

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner:

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

(a). IMC

(b). CHEMEXIL

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company works with NGOs and other institutions from time to time for advancement or improvement of public good.

Principle 8: Business should support inclusive growth and equitable development:

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Details have been furnished separately at *Annexure C* to the Board's Report (Annual Report on CSR activities).

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Programmes/projects have been undertaken through external NGO (implementing agency). Details have been furnished separately at *Annexure C* to the Board's Report (Annual Report on CSR activities).

3. Have you done any impact assessment of your initiative?

Impact assessment of CSR initiatives is carried out by in house team regularly and same is presented before the CSR Committee.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Details have been furnished separately at *Annexure C* to the Board's Report (Annual Report on CSR activities).

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, the Company has internal reporting mechanism followed by regular presentation before the CSR Committee to assess the CSR contribution. Follow up field visits are also undertaken to drive and monitor the CSR initiatives.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner:

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Dedicated e-mail ID has been provided to address any business enquiry, grievances etc. Senior management team promptly and adequately responses to such enquiry, grievances. No Investor/stakeholder complaint is pending for the financial year under review.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The Company proactively displays product information on the label as per applicable national and international laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on March 31, 2020. If so, provide details thereof, in about 50 words or so.

No cases were filed by any stakeholder against the Company for the above reasons.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

No, the Company has not carried out any such survey during the financial year under review.

For and on behalf of the Board of Directors,

Sd/-

Bipin M. Manek

Chairman and Managing Director

(DIN: 00416441)

Date: August 14, 2020

Place: Mumbai

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, 2020 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
- Board 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
- Business Responsibility 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 Executive Chairman, Mr. Bipin Madhavji Manek (DIN: 00416441) and comprises of eight other Directors, out of which, five Directors are Independent Non-Executive Directors consisting of an Woman Independent Director, two Non-Executive Directors consisting of one Woman Director, and one Executive 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, 2020 was in accordance with the requirements of Regulation 17 of the Listing Regulations and Companies Act, 2013.

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 the Member of more than 10 Committees and Chairperson of more than 5 Committees across all the Companies in which they are Directors. The same is also evidenced from the table given below:

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)	Non-Executive Director	Independent	Nil	Nil	2

Mr. Niren Dinkerrai Desai (DIN: 01978382)	Non-Executive Director	Independent	Nil	1	Nil
Mr. Rahul Chakradhar Berde (DIN: 06981981)	Non-Executive Director	Independent	Nil	Nil	1
Mr. Ashit Kantilal Doshi* (DIN: 08486679)	Non-Executive Director	Independent	Nil	Nil	Nil
Mrs. Jyoti Sunil Modi** (DIN: 08699101)	Non-Executive Director	Independent	Nil	Nil	Nil

*appointed on the Board of Directors of the Company w.e.f. June 20, 2019.

** appointed on the Board of Directors of the Company w.e.f. March 19, 2020.

#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, 2020 holds Directorships in any other Public Company or 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	12.04.19	21.05.19	14.08.19	12.11.19	11.02.20	Previous AGM (23.09.19)
Mr. Bipin Madhavji Manek (DIN: 00416441)	Yes	Yes	No	Yes	Yes	Yes
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)	No	Yes	No	Yes	Yes	No
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Rahul Chakradhar Berde (DIN: 06981981)	Yes	Yes	No	Yes	Yes	Yes
Mr. Ashit Kantilal Doshi* (DIN: 08486679)	NA	NA	Yes	Yes	Yes	Yes
Mrs. Jyoti Sunil Modi** (DIN: 08699101)	NA	NA	NA	NA	NA	NA

*appointed on the Board of Directors of the Company w.e.f. June 20, 2019.

** appointed on the Board of Directors of the Company w.e.f. March 19, 2020.

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

5 (Five) Board Meetings were held during the financial year under review, on April 12, 2019, May 21, 2019, August 14, 2019, November 12, 2019 and February 11, 2020.

The Twenty-Sixth Annual General Meeting was held on September 23, 2019.

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, 2020:

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)	Nil	N.A.
6.	Mr. Ashit Kantilal Doshi (DIN: 08486679)	Nil	N.A.
7.	Mrs. Jyoti Sunil Modi (DIN: 08699101)	Nil	N.A.

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

The Company at its various meetings held during the financial year 2019-20 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%20Polices/5.%20Familiarization%20Programme%20of%20Independent%20Directors.pdf>

g. Matrix setting out the core skills/expertise/competence of the Board of Directors:

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

Name of Directors	Skill							
	Lead-ership	Indus-trial Knowl-edge	Cor-porate Strat-egy & Busi-ness Devel-opment	HR/ Indus-trial Rela-tions	Fi-nance, Ac-counting & Taxa-tion	Tech-nical exper-tise	Qual-ity Assur-ance	Risk Man-agement & Mitiga-tion
Mr. Bipin Madhavji Manek (DIN: 00416441)	√	√	√	√	√	√	√	√
Mr. Mihir Bipin Manek (DIN: 00650613)	√	√	√	√	√	√	√	√
Mrs. Pravina Bipin Manek (DIN: 00416533)	√	–	–	√	–	–	–	√
Mr. Vijay Krishnaswamirao Atre (DIN: 00416853)	√	√	–	–	–	√	√	√
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	–	–	√	√	√	–	–	√
Mr. Niren Dinkerrai Desai (DIN: 01978382)	√	–	√	√	√	–	–	√
Mr. Rahul Chakradhar Berde (DIN: 06981981)	√	√	–	–	√	√	√	√
Mr. Ashit Kantilal Doshi (DIN: 08486679)	–	–	√	–	√	–	–	√
Mrs. Jyoti Sunil Modi (DIN: 08699101)	√	–	√	√	–	–	–	√

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. Resignation of Independent Director(s)

During the year under review, none of the Independent Directors of the Company had resigned before the expiry of their respective tenure(s).

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 the financial year 2019–20.

<http://www.vidhifoodcolour.com/pdf/9.%20Codes%20and%20Policies/3.%20Code%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 as per Clause D of Schedule V 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, 2020 as well as details of meetings of Audit Committee held and attended by each Member during the financial year 2019-20 is 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. Mihir Bipin Manek (DIN: 00650613)	Member	Executive	4	4

The Members of the Audit Committee met 4 (four) times during the financial year 2019-20 on May 21, 2019, August 14, 2019, November 12, 2019 and February 11, 2020. 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 Monday, September 23, 2019 to answer the queries of the shareholders.

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

The Company Secretary acts as the Secretary of the Audit Committee.

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

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

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

- to recommend to the Board of Directors (Board) all appointments, including the filling of a casual vacancy of an auditor under Section 139 of the Act,
- to approve other services which auditors can provide to the Company,
- to recommend the appointment, remuneration and terms of appointment of auditors of the Company,
- to review and monitor the auditor's independence and performance, and effectiveness of audit process,
- examination of the financial statement and the auditors' report thereon,
- approval or any subsequent modification of transactions of the Company with related parties including granting omnibus approval for related party transactions,
- scrutiny of inter-corporate loans and investments,
- valuation of undertakings or assets of the Company, wherever it is necessary,
- evaluation of internal financial controls and risk management systems,
- monitoring the end use of funds raised through public offers and related matters,
- may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company,
- authority to investigate into any matter in relation to aforesaid items or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company,
- oversee the vigil mechanism and to ensure that the vigil mechanism shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases and in case of repeated frivolous complaints being filed by a director or an employee, the audit committee may take suitable action against the concerned director or employee including reprimand,
- to formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor,

- to take into consideration the qualifications and experience of the individual or the firm proposed to be considered for appointment as an auditor and whether such qualifications and experience are commensurate with the size and requirements of the Company, provided that while considering the appointment, the Audit Committee shall have regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court,
- may call for such other information from the proposed auditor as it may deem fit,
- to recommend the name of an individual or a firm as auditor to the Board for consideration,
- may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Company. The finance director, internal auditor and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee,
- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible,
- approval of payment to statutory auditors for any other services rendered by the statutory auditors,
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act,
 - b. changes, if any, in accounting policies and practices and reasons for the same,
 - c. major accounting entries involving estimates based on the exercise of judgment by management,
 - d. significant adjustments made in the financial statements arising out of audit findings,
 - e. compliance with listing and other legal requirements relating to financial statements,
 - f. disclosure of any related party transactions, 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, 2020 as well as details of meeting of Nomination and Remuneration Committee held and attended by each Member during the financial year 2019-20 are as follows:

Name	Designation	Category	Numbers of Meetings	
			Held	Attended
Mr. Niren Dinkerrai Desai (DIN: 01978382)	Chairman	Non-Executive, Independent	3	3
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	Member	Non-Executive, Independent	3	3
Mrs. Pravina Bipin Manek (DIN: 00416533)	Member	Non-Executive, Promoter	3	3

The Members of the Committee met thrice during the financial year 2019-20 on April 25, 2019, August 14, 2019 and February 11, 2020.

Mr. Niren Dinkerrai Desai (DIN: 01978382), the Chairman of the Nomination and Remuneration Committee, was present at the last Annual General Meeting held on Monday, September 23, 2019 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, its 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. 10 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 Rs. 4,41,600/- to Mr. Vijay Krishnaswamirao Atre (DIN: 00416853), Non-executive Director, remuneration by way of Commission.

The 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 Rs.45,00,000/- as Guarantee Commission.

The above payments made to Non-Executive Directors were approved by the Shareholders. Apart from mentioned above, the Non-Executive Directors were not paid 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/7.%20Nomination%20and%20Remuneration%20Policy.pdf>.

(c) Disclosures with respect to remuneration:**(i) Details of remuneration paid to the Executive Directors for the financial year 2019-20 are as given below:**

Name of Directors	Amount in Rs.			Contract period	Notice period
	Salary	Commission	Total		
Mr. Bipin Madhavji Manek (DIN: 00416441) Chairman and Managing Director	52,50,000	1,50,00,000	2,02,50,000	From 01.11.2017 till 31.10.2022	Three Calendar months
Mr. Mihir Bipin Manek (DIN: 00650613) Joint Managing Director	52,50,000	1,50,00,000	2,02,50,000	From 15.07.2015 till 14.07.2020*	Three Calendar months
Total	105,00,000	3,00,00,000	4,05,00,000		

* On the recommendation of the Nomination and Remuneration Committee, he has been re-appointed by the Board of Directors in their meeting held on June 25, 2020 for a further period of five years w.e.f. July 15, 2020 to July 14, 2025.

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 Rs. 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 during the financial year 2019-20 are as given below:**

Name of Directors	Amount in Rs.				
	Sitting fees	Commission	Salary	Others	Total
Mr. Vijay Krishnaswamirao Atre# (DIN: 00416853)	0	4,41,600	0	0	4,41,600
Mr. Prafulchandra Anantlal Shah (DIN: 00417022)	42,500	0	0	0	42,500
Mr. Ashit Kantilal Doshi (DIN: 08486679)@	32,500	0	0	0	32,500

Mr. Niren Dinkerrai Desai (DIN: 01978382)	42,500	0	0	0	42,500
Mr. Rahul Chakradhar Berde (DIN: 06981981)	32,500	0	0	0	32,500
Mrs. Pravina Bipin Manek* (DIN: 00416533)	0	0	0	0	0
Mrs. Jyoti Sunil Modi (DIN: 08699101)@@	0	0	0	0	0
Total	1,50,000	4,41,600	0	0	5,89,100

*Mr. Vijay Krishnaswamirao Atre (DIN: 00416853) has received Rs. 4,41,600/- remuneration by way of Commission.

@appointed on the Board of Directors of the Company w.e.f. June 20, 2019 hence, three Board Meeting were held during the year 2019-20 after his appointment.

@@appointed on the Board of Directors of the Company w.e.f. March 19, 2020 hence, no Board Meeting were held during the year 2019-20 after her appointment.

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

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, 2020 as well as details of meeting of Stakeholders' Relationship Committee attended by each Member during the financial year 2019-20 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. Rahul Chakradhar Berde (DIN: 06981981)	Member	Non-Executive, Independent	4	3

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

b) Name and designation of Compliance Officer:

Ms. Sherry Jain, Company Secretary, was the Compliance Officer of the Company. Since, she resigned from the post of Company Secretary of the Company w.e.f. closing working hour of January 11, 2020, she also cease to act as Compliance Officer of the Company.

Subsequently, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Awdhesh Kumar Pandey as Company Secretary and designated as Compliance Officer of the Company w.e.f. February 11, 2020 in terms of Regulation 6(1) of the Listing Regulations (e-mail ID: vdmlcs@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, 2019	0
Number of Shareholders' complaints received during the financial year 2019-20	0
Number of complaints not resolved to the satisfaction of Shareholders as on March 31, 2020	0
No. of pending complaints as on March 31, 2020	0

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 21, 2019, August 14, 2019, November 12, 2019 and February 11, 2020.

(7) General Body Meetings:**a) Annual General Meetings:**

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

Year, date and time	Location	Special Resolution(s) passed
FY 2018-19 26 th AGM held on Monday, September 23, 2019 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. To re-appoint Mr. Prafulchandra Anantlal Shah (DIN: 00417022) as an Independent Director for a second term of 5 (five) consecutive years. 2. To re-appoint Mr. Niren Dinkerrai Desai (DIN: 01978382) as an Independent Director for a second term of 5 (five) consecutive years. 3. To re-appoint Mr. Rahul Chakradhar Berde (DIN: 06981981) as an Independent Director for a second term of 5 (five) consecutive years. 4. 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. 5. 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.
FY 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).
FY 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

b) Special Resolutions passed through Postal Ballot:

During the financial year 2019-20, 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 2019-20 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 2019-20.

(9) General Shareholder Information:

a) Annual General Meeting (AGM):

Day, date and time : Tuesday, September 29, 2020 at 03:30 p.m. (IST)

Venue : Meeting through Video Conferencing/Other Audio Visual Means

b) **Financial year** : April 1, 2019 to March 31, 2020

c) **Date of Book Closure and Dividend Payment Date:**

The Dividend, if declared at the AGM, would be paid/dispatched on/after Wednesday, September 30, 2020 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 Wednesday, September 23, 2020 to Tuesday, September 29, 2020, 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 2019-20 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, 2020, on the said exchanges, is as follows:

Stock Market data – BSE

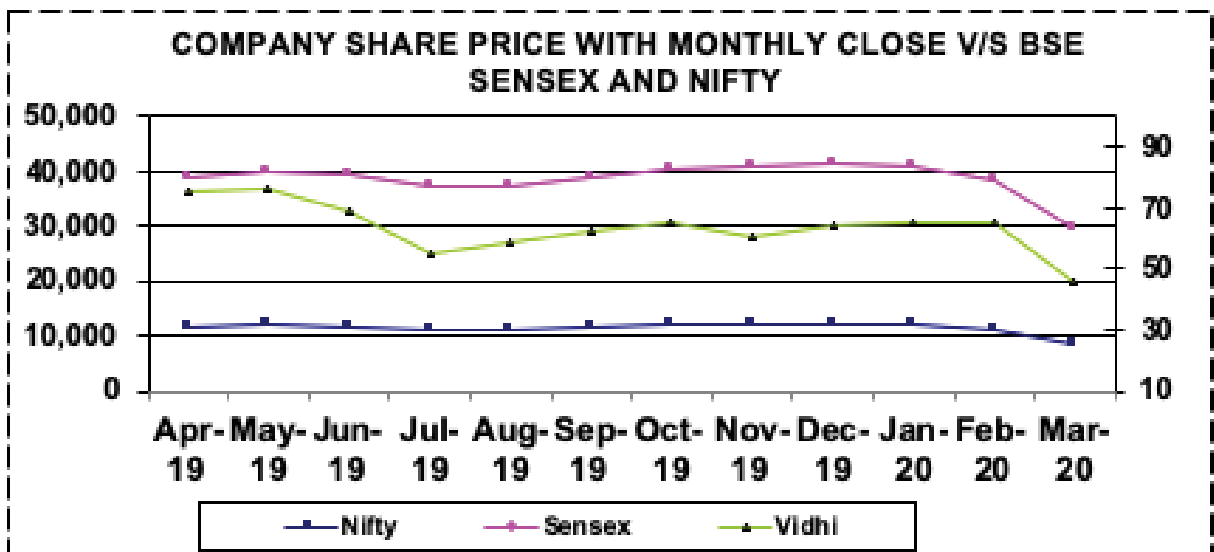
Month	Open Price (Rs.)	High Price (Rs.)	Low Price (Rs.)	Close Price (Rs.)	No. of Shares	Total Turnover (Rs.)
April, 2019	81.20	84.90	74.80	75.05	2,69,896	2,14,00,631
May, 2019	75.25	83.00	69.85	75.85	3,95,642	2,95,56,390
June, 2019	76.90	77.60	66.05	68.30	1,50,471	1,05,48,942
July, 2019	68.80	69.40	53.65	54.65	1,55,076	95,12,887
August, 2019	55.40	64.00	51.05	58.90	1,35,150	77,35,710
September, 2019	58.00	66.95	57.80	62.45	1,15,022	71,83,683
October, 2019	61.50	66.45	55.95	64.75	4,38,716	2,66,57,146
November, 2019	65.10	67.00	60.10	60.30	1,29,857	82,38,276
December, 2019	60.70	67.40	56.45	63.70	2,34,608	1,43,55,023
January, 2020	63.90	73.55	62.50	65.35	2,86,774	1,94,88,424
February, 2020	66.50	70.60	62.45	64.75	1,06,969	70,94,825
March, 2020	64.75	72.00	38.75	45.25	1,28,948	67,08,348

Stock Market data – NSE

Month	Open Price (Rs.)	High Price (Rs.)	Low Price (Rs.)	Close Price (Rs.)	No. of Shares	Total Turnover (Rs.)
April, 2019	81.90	84.90	74.65	75.10	1239412	9,91,00,891
May, 2019	77.00	82.90	68.10	75.90	1322430	10,04,95,663
June, 2019	77.40	77.55	65.10	68.45	638993	4,48,20,759
July, 2019	69.35	69.90	53.10	54.60	842244	5,09,14,151
August, 2019	55.75	64.05	50.90	58.80	841639	4,76,72,596
September, 2019	57.00	67.40	56.20	62.05	564768	3,51,06,767
October, 2019	61.00	67.95	57.05	64.70	597661	3,66,46,489
November, 2019	65.40	67.05	60.00	60.05	321283	2,03,82,583
December, 2019	61.45	67.30	55.65	63.55	659415	4,04,93,065
January, 2020	64.45	73.85	61.10	65.15	1535952	10,41,00,586
February, 2020	66.30	70.95	62.00	65.00	643875	4,21,78,614
March, 2020	64.90	67.00	38.00	45.65	1498796	7,73,61,203

*(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- 28515644/5606 Fax: 022- 28512885

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, 2020:

No. of Equity Shares held	No. of Members*	% of Members	Total Shares	% of shares
1 - 5000	10,795	96.36	53,54,804	10.72
5001 – 10000	188	1.68	14,38,490	2.88
10001 - 20000	88	0.78	13,06,787	2.62
20001 - 30000	50	0.45	12,90,428	2.58
30001 - 40000	12	0.11	4,33,707	0.87
40001 - 50000	14	0.12	6,45,674	1.29
50001 - 100000	28	0.25	20,67,234	4.14
100001 & Above	28	0.25	3,74,07,876	74.90
Total	11,203	100.00	4,99,45,000	100.00

*Based on number of Folio/Client and DP-ID

l) Shareholding pattern of the Company as on March 31, 2020:

Category Code	Category of the Shareholder	Number of Shareholders*	Total Number of Shares	Total Shareholding 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	3	1,68,318	0.34
(2)	Non-Institutions	10,969	1,76,75,682	35.39
	Total Public Shareholding	10,972	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]	10,974	4,99,45,000	100.00

*Based on PAN

As on March 31, 2020 none of the Promoter or Member of the Promoter's Group of the Company has 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, 2020, 99.26% of the total Subscribed and Fully Paid-up Equity Share Capital comprising of 4,95,74,890 Equity shares of the Company are in dematerialized form.

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) Plant Location:

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:

Mr. Awdhesh Kumar Pandey, 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- 28515644/5606 Fax: 022- 28512885
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:** N.A.

(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 that may have potential conflict with the interests of the Company at large. The related party transactions are entered into by the Company are based on business exigencies and are intended to further the Company's interests.

- b) **Details of non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange(s) 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%20Policies/15.%20Policy%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%20Policies/11.%20Policy%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 2019-20, 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	FY 2019-20	FY 2018-19
Audit Fee	9,00,000	8,00,000
Tax Audit Fee	2,00,000	4,00,000
Others services	0	1,03,250
Total	11,00,000	13,03,250

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

- number of complaints filed during the financial year: **Nil**
- number of complaints disposed of during the financial year: **Nil**
- 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 Practicing Company Secretary carried out a Share Capital Audit to reconcile the total admitted Equity Share Capital with National Securities Depository Limited [NSDL], Central Depository Services (India) Limited [CDSL] and Equity Shares held in physical form and the total issued and listed Equity Share capital. The Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Equity Shares of the Company are listed on BSE and NSE.

(11) **Non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed:**

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

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

(a) **The Board:**

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

(b) Shareholder'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 2019-20 is with unmodified audit opinion.

(d) Reporting of Internal Auditor:

The Internal Auditor submits its 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.

Details on compliance of Corporate Governance requirement of Listing Regulations during the financial year 2019-20:

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)	Yes
Continue to have Non-executive Director having age of 75 years	17(1A)	Yes
Meeting of Board of Directors	17(2)	Yes
Quorum at Meeting of Board of Directors	17(2A)	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
Recommendation of the Board in the Explanatory Statement	17(11)	Yes
Maximum number of Directorship	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Quorum at the meeting of Nomination & Remuneration Committee	19(2A)	Yes
Composition of Stakeholders' Relationship Committee	20(1), (2) and (2A)	Yes
Composition and role of Risk Management Committee	21	Not Applicable

Vigil Mechanism	22	Yes
Related Party Transactions	23(1),(1A), (5),(6) & (7)	Yes
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2) & (3)	Yes
Approval for material Related Party Transactions	23(4) & (8)	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)	Yes
Annual Secretarial Compliance Report	24(A)	Yes
Alternate Director to Independent Director	25(1)	NA
Maximum Tenure of Independent Directors	25(2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Declaration from Independent Director	25(8) & (9)	Yes
D & O Insurance for Independent Directors	25(10)	Not Applicable
Memberships in Committees	26(1)	Yes
Committee position of Directors	26(2)	Yes
Affirmation with compliance to Code of Conduct from Members of the 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
Agreement with regard to compensation or profit sharing in connection with dealings in the securities of the Company	26(6)	Not Applicable
Other Corporate Governance requirements	27	Yes

Disclosure on website in terms of Listing Regulations as on March 31, 2020:

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	Yes
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	N.A.
New name and the old name of the listed entity	N.A.

Advertisements as per regulation 47 (1)	Yes
Credit rating or revision in credit rating obtained	N.A.
Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year.	N.A.
Whether Company has provided information under separate section on its website as per Regulation 46(2)	Yes
Materiality Policy as per Regulation 30	Yes
Dividend Distribution policy as per Regulation 43A (as applicable)	N.A.
It is certified that these contents on the website of the listed entity are correct.	Yes

For and on behalf of the Board of Directors

Date: August 14, 2020

Place: Mumbai

Registered Office:

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

Sd/-

Bipin Madhavji Manek

Chairman & Managing Director
(DIN: 00416441)

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

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

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

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

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, 2020.

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

Date: August 14, 2020
Place: Mumbai

Sd/-
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 2019-20 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 2019-20 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 2019-20;
 2. That there are no significant changes in accounting policies during the financial year 2019-20; 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, 2020

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, 2020**.

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 20(3) of Listing Regulations the Chairperson of Stakeholders Relationship Committee shall be present at the Annual General Meeting. Mrs. Pravina Bipin Manek (DIN: 00416533), Chairperson of the Stakeholders Relationship Committee of the Company, has not attended the 26th Annual General Meeting of the Company held on September 23, 2019. However, in terms of Secretarial Standard – 2, the Chairperson authorized Mr. Prafulchandra A. Shah (DIN: 00417022), Member of the said Committee, to attend the meeting on her behalf and he has attended the meeting on her behalf.

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
Practicing Company Secretaries**

Sd/-

Hemanshu Kapadia

Proprietor

C.P. No.: **2285**

Membership No.: **F3477**

UDIN: **F003477B000582101**

Date: August 14, 2020

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, 2020 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.	Prafullachandra 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
8.	Ashit Kantilal Doshi	08486679	20/06/2019
9.	Jyoti Sunil Modi	08699101	19/03/2020

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

UDIN: F003477B000582165

Date: August 14, 2020

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, 2020. Information presented in this discussion supplements the financial statement, schedules and exhibits for the financial year ended March 31, 2020.

Global Economic Overview:

The global slowdown of the year 2019, caused by the geopolitical tensions like US-China trade war, Brexit meltdown and other region-specific crises in Asia and Africa, has been further aggravated by the Covid-19 pandemic of early 2020. Protecting lives and allowing health care systems to cope with the said pandemic has required isolation, lockdowns and widespread closures of non-essential services, including the manufacturing of most goods. As a result, the global economy is projected to contract sharply by around 3% in 2020, worse than it fared during the Financial Year ('FY') 2008-09 financial crisis, as per the World Economic Outlook ('WEO') of April 2020 released by the International Monetary Fund ('IMF').

The growth forecast is marked down by more than 6% relative to the October 2019 and January 2020 projections by IMF – an extraordinary revision over such a short period of time. However, global growth is expected to rebound to 5.8% in the year 2021, well above the trend, reflecting the normalisation of economic activity based on inherent strengths. Growth in the Advanced Economies group, where several nations are experiencing widespread outbreaks and are deploying containment measures, is projected at (6.1)% in CY 2020. The Advanced Economies group is forecast to grow at 4.5% in CY 2021.

Among Emerging Market and Developing Economies, all countries face a health crisis, severe external demand shock and a plunge in commodity prices, which will have a severe impact on economic activity, including commodity exports. Overall, the group of Emerging Market and Developing Economies is projected to contract from 3.7% in CY 2019 to (1.0)% in CY 2020 before picking up to 6.6% in CY 2021.

Despite various concerns, India and China are the only two countries in the world to maintain a positive growth rate in CY 2020, though at a low 1.9% and 1.2%, respectively. In CY 2021, China is expected to lead the global rebound with 9.2%, following by India with 7.4% and the Asean 5 (Indonesia, Malaysia, the Philippines, Singapore and Thailand) with a collective 7.8%. However, India's GDP decelerated to its lowest in over six years in the third quarter of FY 2019-20 as per KPMG April 2020 report on the 'Potential Impact of Covid-19 on the Indian Economy'.

Domestic Economic Overview:

The January 2020 growth forecast of FY 2020-21 for the Indian economy has slashed to 1.9% from 5.8%. This comes at a time when the global economy has hit the worst recession since the Great Depression as a result of the collapse in economic activity due to the Covid-19 induced lockdown.

In its latest World Economic Outlook report, the IMF projects a rebound in the growth of the Indian economy in CY 2021, at a rate of 7.4% and FY 2019-20 growth at 4.2%, down from 4.8% as estimated in January 2020. India has been placed among the fastest-growing emerging economies of the world.

India is among the few countries which is projected to have a positive growth rate at 1.9% and this is the highest GDP growth rate among the G-20 economies, as estimated by the IMF.

GDP in India is expected to reach US\$ 2,950 billion by the end of CY 2020, according to Trading Economics global macro models and analysts' expectations. In the long term, India's GDP is projected to trend around US\$ 3,100 billion in CY 2021 and US\$ 3,200 billion in CY 2022.

India's foreign exchange reserves slumped by US\$11.98 billion during the week ended March 20 and stood at US\$ 469.9 billion as the central bank sold to arrest the slide of the rupee, but it was still better compared to US\$ 447.8 billion at end-March 2019.

India's Foreign Direct Investment (FDI) equity inflows reached US\$ 436.47 billion between April 2000 and June 2019 with maximum contribution from services, computer software and hardware, telecommunications, construction, trading and automobiles.

Merchandise exports and imports (in US\$ terms) declined by 1.9% and 8.1%, respectively, in April 2019-January 2020. Oil imports declined by 9.2% and non-oil imports declined by 7.7% in April 2019-January 2020. During April 2019-January 2020, merchandise trade deficit was US\$ 133.3 billion, lower as compared to US\$ 163.3 billion in April 2018-January 2019.

The Budget Estimates of the fiscal deficit as percentage of GDP for FY 2019-20 have been set at 3.3%, as compared to 3.4% in FY 2018-19.

The Rupee exchange rate (Re/US\$) stood at 71.3138 at the end of January 2020, compared to 71.2328 at the end of December 2019.

India's current account deficit (CAD) was 0.9% of GDP (US\$ 6.3 billion) in the second quarter of FY 2019-20 as compared to 2.9% GDP (US\$ 19 billion) in the second quarter of FY 2018-19.

Industry Structure & Development:

Coloring is an essential part of any food item to make it more appealing, appetizing, attractive and informative. Factors driving the global food color market is their ability to strengthen product appeal and growth in awareness about the beneficial effects of coloring.

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).

Global market of food colour/food colouring agents/powders is valued at US\$ 2.1 billion in 2018. It is projected to reach US\$ 3.2 billion by 2023, registering a CAGR of 9.8% from 2019 to 2023. India's exports of food colour increased from US\$ 203 million to US\$ 263 million in past five years with a CAGR of 6.5%.

Natural food colors are evaluated to be the largest product segment accounting for over 80% of the total global market revenue. Current world demand for this product is rising substantially owing to the burgeoning awareness among salubrious consumers regarding the health benefits associated with natural food colors.

The market for synthetic food colors is anticipated to surge on account of growing product use by consumers across developing economies. Corroborating this, the demand for synthetic colors is expected to be driven primarily by their use in beverage manufacturing industry.

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 26 years, it has established strong relationships with global majors like Nestle, Mars, Pedigree and Sanofi among 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 Village of Raigad District in the State of Maharashtra – India, the Company efficiently caters to customers across the country and across the world. Approx 90% of goods manufactured by the Company were exported. 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 has built up on technical services, marketing capabilities and production in bulk quantities to face competition from domestic as well as global markets. In this way, Vidhi enjoys a position of one of the leaders in food colour manufacturing Industry.

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.

Due to trade conflicts erupted around the world, especially among China, the United States and Western Europe. Large chemical markets that remain accessible in this scenario could present opportunities for chemical Companies in India.

The structure of China's chemical industry is changing due to stricter environmental norms, tighter financing and consolidation, which could present opportunities for India's chemical Companies in certain value chains and segments, especially in the short term.

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. The stock is currently trading at a P/E multiple of approx 13.96.

The outlook for the business is stable in current year in view of COVID-19 however, the Company continues to work on manufacturing and distribution expansion and strengthening of supply chain. The Company is confident to meet the challenges posed globally due to COVID with its strength in marketing network, it's strategic planning, 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. Company's products are having various quality certificates.

Opportunities:

The size of the global market of food colour/food colouring agents/powders is valued at US\$ 2.1 billion in 2018. It is projected to reach US\$ 3.2 billion by 2023. The prospects of the food colour business are underpinned by relatively steady growth trends and increase in demand of consumables and food items.

Due to COVID-19, for short term the growth forecast is lower single digit CAGR (compounded annual growth rate) in the medium term driven by improvising in COVID-19 situation due to awareness, regulatory requirements, commencement in manufacturing activities after gradually lifting lockdown by the Government and structural demand drivers for the food and beverage industry. Further, US-China Trade Off also given Indian Colour manufacturing entities an opportunities to expand.

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:

- Impact of COVID-19 on Export due to increase in dwell time;
- 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.
- 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 2019-20 has been a good year till the last month of the financial year. However, the Financial Year 2020 ended with the COVID-19 pandemic disrupting the global economy and supply chains. The rampant spread of COVID-19 across all Continent has severely impacted almost the whole world and triggered significant downside risks to the overall economic.

The operation in the first quarter of current year also impacted due to lock down followed by Cyclone Nisarga. In view of the strict measures taken by Government all over the world to contain the spread and intensity of the pandemic, there was almost zero economic activity in India. The said restriction also impacted cross border trade. In view of the same the GDP will be impacted very badly in the year 2020-21.

Even though the economy all over has impacted badly, the Company was impacted less as it was able to start Manufacturing activities effective from April 05, 2020. The Company was working with controlled Manpower capacity considering the safety of employees and guidelines issued by authorities from time to time. Further, there is no major decline whatsoever in demand for synthetic food colours in this situation as food colours are supplied to essential items like pharmaceuticals, food, feed, beverage, home care, personal care products etc.

As a manufacturing unit in addition to challenges of labour availability, limited working hours, and adherence to COVID-19 safety norms has also impacted. Slowly and gradually the economic activities are gaining momentum. As now people are adapting to living in a post-COVID era, it is expected that there will be a recovery in the second half of the year 2020-21. The economy recovery and GDP growth also depend on roll out of Government stimulus and policy measures to be taken by the Government to 'reboot' and 'rebound' the economy.

Further, the US-China trade war, Brexit meltdown, border dispute and other region-specific crises in Asia can impact the economy activities and growth. However, the strong balance sheet position, best-in-class profitability and inherent resilience of the business model position the Company well to navigate the challenges ahead and gain market share.

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 also affect the business of the Company.

Other Concerns are:

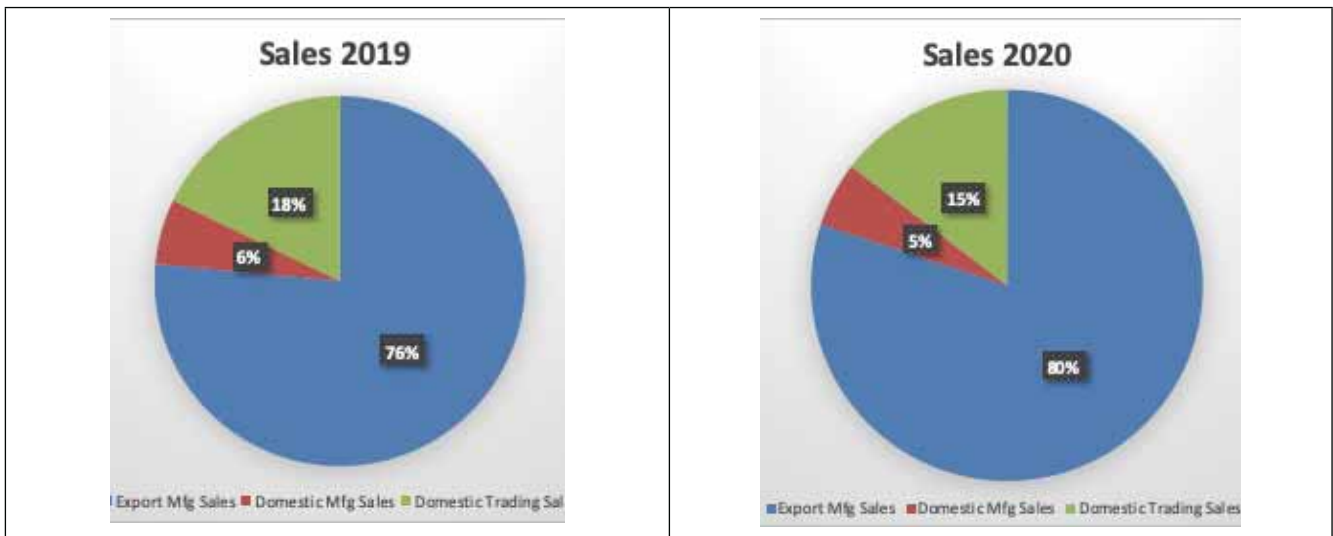
- Infrastructural challenges
- Bilateral/multilateral trade agreements of the Country
- High cost of power as well as finance
- Availability of skilled man power
- High fragmentation of the chemical industry

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, namely, manufacturing and trading of food colours and chemicals. Thus, the segment wise or product wise performance report is not given in the report. **The Company has manufactured 3,788.88 MT food colours during the financial year 2019-20 against 3,530.81 MT in the previous year.**

Net Sales by Geography:



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 Rs. 22,461.58 lakhs. The comparative figures are tabulated below. The Company has achieved net profit after tax of Rs. 3,407.98 lakhs for the financial year 2019-20. EBIDTA stood at Rs. 5,110.21 lakhs for the financial year 2019-20. An operational EBIDTA has increased from 20.44% for financial year ended March 31, 2019 to 22.75% for the financial year ended March 31, 2020.

Finance Cost has been decreased to Rs. 293.72 lakhs for the financial year 2019-20 compared to Rs. 343.54 lakhs for the previous year. Depreciation and Amortization stood at Rs. 283.38 lakhs for the 2019-20 compared to Rs. 238.34 lakhs for the previous year.

(Rs. in Lakhs)

Particulars	F.Y. 2019-20	F.Y. 2018-19
Total Revenues from Operation	22,461.58	22,835.35
Revenues from Exports	17,088.87	16,955.43
PBDIT	5,110.21	4,666.64
PAT	3,407.98	2,905.52
Earnings per share	6.79	5.82

During the current financial year 2020-21, despite the impact of the Covid-19 pandemic, your Management is striving for another good successive year.

ii. Operational Performance:

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

The Company's performance with regard to the export manufacturing sales volumes, improved in the financial year 2019-20 to 80% of total sales from 76% of total sales in previous year. Domestic manufacturing sales and domestic trading sales contracted by 1% and 3% respectively from 6% and 18% of the 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 both the 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 decreased by 1.64% as compared to the previous year whereas the other income has increased by 9.64% as compared to the previous year. However, the said plunge in the turnover of the Company was predominantly due to emergence of Covid-19 pandemic in the last quarter of the financial year 2019-20.

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

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

Internal Control Systems and its Adequacy:

The 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 honing 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 permanent work force of 66 as on March 31, 2020.

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. 2019-20	F.Y. 2018-19	% Change
Debtors Turnover	2.77	3.58	-22.63
Inventory Turnover	6.25	6.28	-0.48
Interest Coverage Ratio	16.43	12.89	27.46
Current Ratio	2.59	2.20	17.73
Debt Equity Ratio	0.45	0.68	-33.82
Operating Profit Margin (%)	23.94%	21.05%	13.73
Net Profit Margin (%)	15.89%	13.14%	20.93
Return on Net worth (%)	26.33%	28.85%	-8.73

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

- Interest Coverage Ratio:** During the year under Report, Company's interest coverage ratio improved to 16.43 times against 12.89 times in previous financial year. This was due to reduction in finance cost by 14.50%.
- Debt Equity Ratio:** The debt-equity ratio of the Company improved to 0.45 against 0.68 in previous year. The improvement in Debt Equity Ratio is due to increase in Other Equity in view of enhanced profitability and reduction in the borrowed fund of the Company.
- Change in Return on Net worth:** Even though the Company has increased Profit after Tax compare to the previous year, Return on Net worth was reduced as sales in the last month of the financial year was impacted due to COVID-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 Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Vidhi Specialty Food Ingredients Limited ("the Company")**, which comprises of the Balance Sheet as at March 31, 2020, 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 on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements gives a true and fair view in conformity, with the aforesaid Ind AS 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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit (other 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 standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ethical requirements that are relevant to our audit of the standalone 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter:

1. Note 33 to the financial statements which describe the Management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The Management believes that no adjustments are required in the Financial Statements as it does not impact the financial year ended March 31, 2020, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
2. On account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations, subsequent to the year-end. Also, we were not able to physically observe the stock verification, where carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial statements.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Physical verification of Inventories: The Company's management conducts physical verification of inventories during the year at reasonable intervals, however, on account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories at a date other than the date of financial statements. Management has carried out other procedures to validate the existence of its inventory as at the year end, such as obtaining confirmations from third party warehouses and carrying out consumption analysis and stock movement analysis.</p>	<p>We performed following alternate procedures to audit the existence of inventories as at the year-end, since we were not able to physically observe the stock verification:</p> <ul style="list-style-type: none"> ● evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year. ● for stocks at third party warehouses, obtained direct confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at year end, on a sample basis. ● observed the physical verification of inventories carried out by management at certain locations subsequent to year end through virtual mediums, and performed roll back procedures evidencing the movement in stocks from the date of such verification to the year end, on a sample basis. ● verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.

2	<p>Trade Receivables: 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 Standalone financial statements Trade receivables provision has made based on Expected Credit Loss method. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. Accordingly, the estimation of the allowance for trade receivables is a significant judgments 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. 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 standalone financial statements are appropriate.
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Information Other than the Standalone 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 standalone financial statements and our report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, 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 standalone Ind AS 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Statements of the Company to express an opinion on the Standalone Financial Statements.

Materiality is the magnitude of misstatements in the standalone 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 standalone 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 Section 143(3) of the Act, based on our audit 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 (including Other Comprehensive Income), 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 standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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- 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 standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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.

For JMR & Associates LLP

Chartered Accountants

Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner

Membership No. 114003

UDIN: 20114003AAAACF7935

Mumbai; 25 June, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1(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 March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 March 31, 2020, 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 ICAI.

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

CA. Nikesh Jain
Partner
Membership No. 114003
UDIN: 20114003AAAACF7935

Mumbai; 25 June, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(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’s:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment’s.
- b) As informed to us, the property, plant and equipment’s 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.
- c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as property, plant and equipment’s in the standalone financial statements, the lease agreements are in the name of the Company

ii. In respect of its inventories:

As informed to us, the physical verification of the inventories was done by the management at reasonable intervals at the end of each month and for year-end, they have conducted physical verification at a date other than the date of financial statements due to a government lockdown and we have received confirmation with respect to inventories lying with third parties. In our opinion, the frequency of verification is reasonable. Further, 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 physical verification of stocks by the management as compared to book records.

- 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.

According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2020 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us, there are no dues outstanding in respect of Income-tax, VAT, Excise duty, Service 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 and financial institutions. The Company did not have any borrowings from the 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 term loans raised have been applied by the Company during the year for the purposes for which they were raised.
- x.** Based upon the audit procedures performed and the information and explanations given by the management, no fraud by the Company and no fraud 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

Nikesh Jain
Partner
Membership No. 114003
UDIN: 20114003AAAACF7935

Mumbai; 25 June, 2020

Balance Sheet as at 31 March 2020

(Amount in Lakhs)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
Assets			
1. Non-current assets			
(a) Property, plant and equipment	3	3,103.28	3,080.62
(b) Capital work-in-progress	3	174.82	5.77
(c) Investment property		-	-
(d) Right to Use Asset-INDAS 116	3.1	2.13	-
(e) Intangible assets		-	-
(f) Financial assets			
(i) Investments	4.1	1,320.15	1.58
(ii) Loans		-	-
(iii) Others		-	-
(g) Other non-current assets	6	20.71	22.67
Total Non Current Assets		4,621.08	3,110.64
2. Current assets			
(a) Inventories	7	3,417.29	3,528.07
(b) Financial assets			
(i) Investments		-	-
(ii) Trade receivables	4.2	7,702.14	6,189.93
(iii) Cash and cash equivalents	4.3	711.57	1,811.26
(iv) Bank balances other than (iii) above	4.4	771.07	38.79
(v) Loans	4.5	37.28	31.65
(vi) Others	4.6	88.46	101.78
(c) Current tax assets (net)	13	-	-
(d) Other current assets	8	1,359.28	2,138.40
(e) Assets classified as held for sale		-	-
Total Current Assets		14,087.10	13,839.88
Total Assets		18,708.18	16,950.52
Equity and Liabilities			
Equity			
(a) Equity share capital	9	500.20	500.20
(b) Other equity	10	12,387.80	9,599.79
Total Equity		12,888.00	10,099.99
Liabilities			
1. Non-current Liabilities			
(a) Financial liabilities			
(i) Borrowings	11.2	125.57	276.01
(b) Provision	12	53.18	33.86
(c) Deferred tax liabilities (net)	5	209.18	255.71
(d) Other non-current liabilities		-	-
Total Non -current Liabilities		387.93	565.59
2. Current Liabilities			
(a) Financial liabilities			
(i) Lease Liability	11.1	2.53	-
(ii) Borrowings	11.3	3,101.96	3,940.46
(iii) Trade payables - MSME	11.4	216.27	68.02
(iii) Trade payables - other than MSME	11.5	1,569.36	1,758.72
(iv) Other financial liabilities	11.6	315.57	279.67
(b) Provisions	12	13.02	11.24
(c) Current tax liabilities (Net)	13	74.75	61.34
(d) Other current liabilities	14	138.79	165.49
Total Current Liabilities		5,432.25	6,284.94
Total Equity and Liabilities		18,708.18	16,950.52
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

CA. Nikesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020

For and on behalf of the board of directors of

Vidhi Specialty Food Ingredients Limited

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mitesh D. Manek

Chief Financial Officer

Mumbai, June 25, 2020

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Awdhesh Kumar Pandey

Company Secretary

Statement of Profit and Loss for the year ended 31 March 2020

(Amount in Lakhs)			
Particulars	Notes	Current Year 2019-20	Previous Year 2018-19
Income			
Revenue from operations	15	22,461.58	22,835.35
Other income	16	64.47	58.80
Total Income		22,526.05	22,894.15
Expenditure			
Cost of material consumed	17(a)	10,630.25	11,066.28
Purchase of traded goods	17(b)	2,703.56	3,359.26
Change in inventories of traded goods and finished goods	17(c)	11.44	109.06
Employee benefits expense	18	734.64	671.86
Finance costs	19	293.72	343.54
Depreciation and amortisation expense	20	283.38	238.34
Other expenses	21	3,335.95	3,021.05
Total Expenses		17,992.94	18,809.39
Profit for the year before tax		4,533.11	4,084.76
Tax expenses			
Current tax	22	1,172.00	1,197.00
Deferred tax charge (credit)	22	(46.87)	(17.76)
Total tax expenses		1,125.13	1,179.24
Profit for the year from continuing operations		3,407.98	2,905.52
Other Comprehensive Income			
i) Items that will not be reclassified subsequently to profit or loss		(14.85)	8.80
ii) Income tax related to above		(0.33)	(0.23)
Other Comprehensive Income		(15.18)	8.57
Total Comprehensive Income		3,392.80	2,914.09
Earnings per share for profit from continuing operations:			
Basic Earnings per share		6.82	5.82
Diluted Earnings per share		6.82	5.82
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

CA. Nikesh Jain
Partner
Membership No: 114003

Mumbai, June 25, 2020

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

Bipin M. Manek
Chairman & Managing Director
DIN: 00416441

Mitesh D. Manek
Chief Financial Officer
Mumbai, June 25, 2020

Mihir B. Manek
Joint Managing Director
DIN: 00650613

Awdhesh Kumar Pandey
Company Secretary

Cash flow statement for the year ended 31 March 2020

(Amount in Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from Operating activities		
Profit before Income tax	4,533.11	4,084.76
Adjustments for :		
Depreciation	283.38	238.34
Finance Cost	293.72	343.54
Sundry balance written back	8.75	(1.05)
Sundry Balance Written Off	3.17	(24.58)
Interest income	(48.46)	(32.87)
Proceeds on Maturity of Keymen Policy	18.33	(16.99)
Interest on DDT paid	-	9.41
Adjustment for Other Comprehensive Income	(14.85)	8.80
Expected Credit loss	55.00	8.65
Transition Prov of Ind AS 116	(0.85)	-
Interest on MSME	(0.31)	0.31
Operating profit before Working Capital changes	5,130.99	4,618.32
(Increase) / Decrease in Trade Receivables	(1,570.38)	(266.76)
(Increase) / Decrease in Inventories	110.78	(69.21)
(Increase) / Decrease in Financial Assets - Loans	(5.63)	(4.71)
(Increase) / Decrease in Financial Assets - Others	13.32	15.60
(Increase) / Decrease in Other non-current assets	1.96	5.70
(Increase) / Decrease in Other current assets	779.12	105.23
Increase / (Decrease) in Trade payables	(49.55)	(941.84)
Increase / (Decrease) in Provisions	21.10	(77.88)
Increase / (Decrease) in Current Tax Liabilities	-	-
Increase / (Decrease) in Other financial liabilities	38.43	(112.27)
Increase / (Decrease) in Other current liabilities	(26.70)	104.26
Net changes in Working Capital	(687.55)	(1,241.87)
Cash generated from Operations	4,443.44	3,376.44
Direct taxes paid	(1,158.59)	(1,169.11)
Net cash Inflow / (Outflow) from operating activities [A]	3,284.85	2,207.33
Cash flow from Investing activities		
Purchase of Fixed Assets	(477.21)	(397.34)
Interest received	48.46	30.04
Proceeds on Maturity of Keymen Policy	(18.33)	16.99
Investment	(1,318.57)	(1.58)
Net cash Inflow / (Outflow) from Investing activities [B]	(1,765.65)	(351.89)

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

Cash flow from Financing activities		
Dividend paid	(603.96)	(483.17)
Finance Cost	(293.72)	(343.54)
Proceeds / (Repayment) of Long Term Borrowings	(150.44)	(156.74)
Proceeds / (Repayment) of Short Term Borrowings	(838.50)	161.65
Net cash Inflow / (Outflow) from Financing activities [C]	(1,886.62)	(821.79)
Net Increase / (Decrease) in cash and cash equivalents [A+B+C]	(367.42)	1,033.65
Cash and cash equivalents at the beginning of the year	1,850.05	816.40
Cash and cash equivalents at the end of the year	1,482.63	1,850.05

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

Balances with banks		
- in current accounts	672.84	1,804.91
- in unpaid dividend accounts *	27.04	23.36
Cheque on Hand	28.05	-
Deposits with maturity of less than three months		
- Bank balance other than Cash and Cash equivalents	744.03	15.43
Cash on hand	10.68	6.35
Balance as per statement of Cash Flows	1,482.64	1,850.05

* The company can utilize these balances only towards the settlement of the respective unpaid dividend.

Note :

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind As 7 specified under section 133 of the Companies Act, 2013. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

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

CA. Nikesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020

For and on behalf of the board of directors of

Vidhi Specialty Food Ingredients Limited

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mitesh D. Manek

Chief Financial Officer

Mumbai, June 25, 2020

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Awdhesh Kumar Pandey

Company Secretary

Notes to Financial Statements for the year ended 31 March 2020**Statement of changes in equity for the year ended 31st March, 2020****A. Share Capital (Amount in Lakhs)**

Particulars	Amount
Balance at 01-Apr-2018	500.20
Changes in Equity share capital	-
AS at 31st March, 2019	500.20
Changes in Equity share capital	-
AS at 31st March, 2020	500.20

B. Other Equity (Amount in Lakhs)

Particulars	Reserves and Surplus		Total Other Equity
	General Reserve	Retained Earnings	
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
Balance at 01-Apr-2019	1,151.49	8,448.30	9,599.79
Transfer to General Reserve	339.28	(339.28)	-
Profit for the year	-	3,407.98	3,407.98
Dividend and DDT paid	-	(603.96)	(603.96)
Transitional Prov (Ind AS -116)	-	(0.83)	(0.83)
Other Comprehensive Income	-	(15.18)	(15.18)
Total Comprehensive Income for the year	-	(15.18)	(15.18)
Balance at 31-Mar-2020	1,490.77	10,897.03	12,387.80

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. Nimesh Jain**

Partner

Membership No: 114003

Mumbai, June 25, 2020**Bipin M. Manek**

Chairman & Managing Director

DIN: 00416441**Mitesh D. Manek**

Chief Financial Officer

Mumbai, June 25, 2020**Mihir B. Manek**

Joint Managing Director

DIN: 00650613**Awdhesh Kumar Pandey**

Company Secretary

Notes forming part of Ind AS Financial Statements

Corporate Information:

The Company was incorporated on 19th January, 1994 and is engaged in the business of manufacturing and trading in synthetic food colors and trading in chemicals. The company was formerly known as “Vidhi Dyestuffs Manufacturing Limited” and w.e.f. 25th August, 2016, it is changed to “Vidhi Specialty Food Ingredients Limited”.

The equity shares of the company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

(1) Significant Accounting Policies:

(i) Basis of preparation

The Financial Statements comply with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements upto the year ended 31st March 2017 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

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 sales tax & GST and net of trade discount and quantity discount.

Dividend Income is recognized when the right to receive the dividend is established.

Interest Income is recognized on time proportion basis.

Export incentives / benefits are accounted for on accrual basis on value of exports affected during the year under consideration.

(v) Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at their reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

(vi) Property, plant and equipment

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as replacement if the recognition criterion is satisfied.

Property, plant and equipment is eliminated from the financial statements, either on disposal or on retirement from active use. Losses and gains arising from the retirement/disposal are recognised in the statement of profit or loss in the year of occurrence.

The asset's residual value, useful lives and methods of depreciation are reviews at each financial year and adjusted prospectively, if appropriate.

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) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a. Company as Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease. The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such re-measurements is adjusted to the value of the ROU assets.

b. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) Financial instruments

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial asset not recorded at fair value through profit or loss, transaction cost that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial asset measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified into two broad categories:

- Financial asset at fair value
- Financial asset at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit or loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income)

A financial asset that meet the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: the objective of the Company's model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes)

- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meet the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt Instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity Instruments: All equity instruments within scope of Ind AS 109 are measured at fair value. Equity instruments which are classified as held for trading are measured at FVTPL. For all other equity instruments, the company decides to measure the same either at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of profit or loss, even on sale of such instruments.

The Investments are measured at Fair Market Value. The diminution in the market value of investments is not considered unless such diminution is considered permanent and accordingly provision for diminution is made in books of accounts.

All other financial asset is measured at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and

rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind-AS 109, the company applies Expected Credit Losses (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The company follows "Simplified Approach" for recognition of impairment loss on these financial assets. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(ii) Financial liabilities:

Initial recognition and measurement:

Financial Liabilities are classified at initial recognition as:

- (i) Financial liabilities at fair value through profit or loss,
- (ii) Loans and borrowings, payables, net of directly attributable transaction costs or
- (iii) Derivatives designed as hedging instruments in an effective hedge, as appropriate.

The company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there

is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments:

The Company uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Loans and borrowings – subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The Effective Interest Rate (EIR) amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to Financial Statements for the year ended 31 March 2020

3. Property, Plant and Equipment

(Amount 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 1 April 2018	30.77	3.75	1,037.23	18.57	0.49	277.36	6.86	1,743.07	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	3,775.57
Additions during the year	166.27	-	-	-	-	-	-	94.18	-	-	-	40.65	301.10
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2020	197.04	3.75	1,053.96	18.57	0.49	277.36	6.86	2,213.56	135.76	0.14	0.60	168.58	4,076.69
Accumulated Depreciation At 1 April 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
Additions during the year	0.48	-	42.95	1.56	0.10	9.61	1.25	140.44	19.23	0.02	0.01	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
Depreciation during the year	0.84	-	43.07	1.57	0.08	9.64	1.25	178.14	18.88	-	-	24.99	278.46
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2020	2.16	-	170.64	6.26	0.43	38.47	4.56	594.08	76.29	0.14	0.60	79.78	973.41
Net Block At 31st March 2019	29.45	3.75	926.39	13.88	0.14	248.53	3.55	1,703.44	78.35	0.00	-	73.14	3,080.62
At 31st March 2020	194.88	3.75	883.32	12.31	0.06	238.89	2.30	1,619.48	59.47	0.00	-	88.80	3,103.28
Capital work-in-progress At 31 March 2019	5.77												5.77
At 31 March 2020	174.82												174.82

Notes:-

1 The Board currently estimates that there are no components which have significantly different lives from the underlying primary assets

Notes to Financial Statements for the year ended 31 March 2020

3.1 Right-Of-Use Assets

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 5.82 Lakhs, and a lease liability of ₹ 5.82 Lakhs. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind As 17

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 14.72%

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Category of ROU Assets : Building

	As at 31.03.2020 Amount in lakhs	As at 31.03.2019 Amount in lakhs
I. Gross Carrying Amount		
Balance at the beginning of the year	-	-
Reclassified on account of adoption of Ind AS 116	5.82	-
Additions	1.23	-
Deletions	-	-
Balance at the end of the year	7.05	-
II. Accumulated Depreciation and Impairment		
Balance at the beginning of the year	-	-
Depreciation for the year	4.92	-
Accumulated depreciation on deletions	-	-
Balance at the end of the year	4.92	-
III. Net Carrying Amount at end of the year	2.13	-

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

Notes to Financial Statements for the year ended 31 March 2020

Financial Assets

4.1 Non Current Investments

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Investments in Equity Instruments		
Quoted		
10,057 (31 March 2019: 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	-	-
Unquoted		
"Nil (31 March 2019: Nil) Equity shares of Arjun Food Colorants Mfg Pvt Ltd (Paid towards stamp duty for Investment in Company)"	-	1.58
82,750 (31 March 2019: Nil) Equity shares of Arjun Food Colorants Mfg Pvt Ltd	1,320.15	-
Total	1,320.15	1.58
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	1,320.15	1.58
Aggregate amount of impairment in the value of investments	-	-

4.2 Trade Receivables

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables		
Unsecured, considered good	7,702.14	6,189.93
Considered Doubtful	-	-
Total	7,702.14	6,189.93
Less: Provision for doubtful debts	-	-
Total receivables	7,702.14	6,189.93
Current portion	7,702.14	6,189.93
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.

Notes to Financial Statements for the year ended 31 March 2020**4.3 Cash and cash equivalents** (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
In current accounts	672.84	1,804.91
Cheque on hand	28.05	-
Cash balances		
Cash on hand	10.68	6.35
Total Cash & Cash Equivalents	711.57	1,811.26

4.4 Bank Balances other than Cash & Cash Equivalents (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked Balances with Bank		
Unpaid dividend accounts	27.04	23.36
Bank deposit with original maturity of more than 3 months but less than 12 months*	269.53	15.43
Bank deposit with original maturity of more than 12 months*	474.50	-
Total Bank Balances other than cash & cash equivalents	771.07	38.79

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

4.5 Loans (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Loans and advances to employees	37.28	31.65
Total Current Loans	37.28	31.65

4.6 Other financial assets**Current** (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Accrued interest	4.27	21.65
Security deposits	82.73	77.71
Others	1.46	2.42
Total other financial assets	88.46	101.78

Notes to Financial Statements for the year ended 31 March 2020**5 Deferred tax Liability / (Assets)**

(Amount in Lakhs)

The balance comprises temporary differences attributable to:

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities on account of:		
- Depreciation on property, plant and equipments	239.80	274.37
- Deferred Tax OCI	0.64	0.07
	240.44	274.44
Deferred tax asset on account of:		
Provision for Bonus	3.28	5.03
Security Deposit	0.22	-
Interest on MSME	-	0.09
Debtors ECL	13.84	2.52
Gratuity	-	9.86
DTA of IND AS	13.39	-
IND AS 116 - ROU	0.53	-
Others	-	1.23
	31.26	18.73
Net Deferred Tax Liability (Net)	209.18	255.71

Movement in Deferred Tax Liability / (Assets)

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	255.71	282.27
Deferred Tax Liability		
Recognised in profit or loss	(34.00)	28.52
Recognised in other comprehensive income	0.33	-
Deferred Tax Asset		
Recognised in profit or loss	(12.86)	(46.28)
Recognised in other comprehensive income	-	(8.80)
Recognised due to restatement	-	-
Net Deferred tax Liability / (Assets)	209.18	255.71

6 Other Non-Current Assets

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances		
Long term prepaid expenses	20.71	22.67
Total Other Non-Current Assets	20.71	22.67

Notes to Financial Statements for the year ended 31 March 2020**7 Inventories**

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	941.69	1,267.43
Work-in-progress	603.08	748.46
Finished goods	1,130.07	814.30
Traded goods	470.85	652.67
Packaging material	54.86	19.92
Stock in transit (RM)	216.74	25.29
Total Inventories	3,417.29	3,528.07

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

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance other than capital advances		
Advance to suppliers	501.80	465.99
Others:		
Prepaid expenses	28.55	27.16
Deposits /Balance with statutory/government authorities	485.65	1,258.24
Export incentives receivables	341.33	385.06
Refund of wealth tax AY 12-13	1.95	1.95
Total other current assets	1,359.28	2,138.40

9 Equity Share capital**Authorised equity share capital**

(Amount in Lakhs)

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	600.00	600.00
Increase during the year	-	-
As at 31 March 2019	600.00	600.00
Increase during the year	-	-
As at 31 March 2020	600.00	600.00

Notes to Financial Statements for the year ended 31 March 2020**Issued share capital**

(Amount in Lakhs)

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	500.34	500.34
Increase during the year	-	-
As at 31 March 2019	500.34	500.34
Increase during the year	-	-
As at 31 March 2020	500.34	500.34

(i) Subscribed and fully paid up

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	499.45	499.45
Increase during the year	-	-
As at 31 March 2019	499.45	499.45
Increase during the year	-	-
As at 31 March 2020	499.45	499.45

(ii) Subscribed but not fully paid share capital

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
Forfeited shares	0.89	0.75

Total Subscribed share capital

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	500.20	500.20
As at 31 March 2019	500.20	500.20
As at 31 March 2020	500.20	500.20

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.

Notes to Financial Statements for the year ended 31 March 2020**(iii) Details of shareholders holding more than 5% shares in the company**

Name of Holders	No of shares	
	As at 31 March 2020	As at 31 March 2019
Bipin M. Manek	141.10	141.10
Pravina B. Manek	179.91	179.91

(Amount in Lakhs)

Percentage of Holding

Name of Holders	Percentage of Holding	
	As at 31 March 2020	As at 31 March 2019
Bipin M. Manek	28.25%	28.25%
Pravina B. Manek	36.02%	36.02%

10 Reserves and Surplus

(Amount in Lakhs)

Particulars	Reserves and Surplus	
	As at 31 March 2020	As at 31 March 2019
General reserve	1,490.77	1,151.49
Retained earnings	10,897.03	8,448.30
Reserves and Surplus	12,387.80	9,599.79

(i) General Reserves

(Amount in Lakhs)

Particulars	General Reserves	
	As at 31 March 2020	As at 31 March 2019
Opening balance	1,151.49	860.08
Additions for the year	339.28	291.41
Closing Balance	1,490.77	1,151.49

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 comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(ii) Retained Earnings

(Amount in Lakhs)

Particulars	Retained Earnings	
	As at 31 March 2020	As at 31 March 2019
Opening balance	8,448.30	6,308.79
Surplus for the year	3,407.98	2,905.52
Other comprehensive income for the year	(15.18)	8.57
Transfer to general reserve	(339.28)	(291.41)
Dividend	(499.45)	(399.56)
Dividend distribution tax	(104.51)	(83.61)
Transitional Prov (Ind AS -116)	(0.83)	-
Closing Balance	10,897.03	8,448.30

Notes to Financial Statements for the year ended 31 March 2020

Dividends:

The following dividend were declared and paid by the Company during the year : (Amount in Lakhs)

Particulars	31 March 2020	31 March 2019
INR 1 per equity share (31 March 2019: INR 0.80)	499.45	399.56
Dividend distribution tax (DDT) on dividend to equity shareholders	104.51	83.61
Total	603.96	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.

(Amount in Lakhs)

Particulars	31 March 2020	31 March 2019
INR 0.20 per equity share (31 March 2019: 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

(Amount in Lakhs)

	31 March 2020	31 March 2019
11 Financial Liabilities		
11.1 Lease Liability		
Non Current	-	-
Non Current lease liability	-	-
Current	-	-
Current lease liability	2.53	-

The following is the movement in lease liabilities during the year ended March 31, 2020 :

Particulars		
Balance at the beginning	-	-
Additions	7.89	-
Finance cost accrued during the period	0.73	-
Deletions	-	-
Payment of lease liabilities	6.09	-
Translation Difference	2.53	-
Balance at the end		

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars		
Less than one year	2.53	-
One to five years	-	-
More than five years	2.53	-
Total		

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes to Financial Statements for the year ended 31 March 2020

Borrowings

11.2 Non-current Borrowings

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured		
Term Loans		
From banks*	233.00	380.82
From others**	74.11	76.73
Non-current Borrowings	307.11	457.55
Less: Current maturities of long-term debt	181.54	181.54
Total Non-current Borrowings	125.57	276.01

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

11.3 Current Borrowings

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand		
Secured		
From banks		
Working capital loans	3,101.96	3,940.46
Total Current borrowings	3,101.96	3,940.46

Notes to Financial Statements for the year ended 31 March 2020

(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 Specialty 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 Specialty Food Ingredients Ltd.
Term Deposits	Term Deposits	Vidhi Specialty Food Ingredients Ltd.

Stock & book Debts

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.

Notes to Financial Statements for the year ended 31 March 2020

Financial Liabilities

11.4 Trade payables - from MSME (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Trade Payables	216.27	68.02
Total Trade Payables - from MSME	216.27	68.02

11.5 Trade Payables - from other than MSME (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Trade Payables	1,569.36	1,758.72
Total trade payables - from other than MSME	1,569.36	1,758.72

11.6 Other financial liabilities (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Current maturities of long-term debt	181.54	181.54
Outstanding statutory liabilities	21.84	19.94
Unpaid dividend	27.08	23.39
Outstanding expenses	83.10	49.95
Other liabilities	2.01	4.85
Other Current Financial Liabilities	315.57	279.67

12 Current Provisions (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for bonus	13.02	11.24
Total Current Provisions	13.02	11.24

Non-current (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity	53.18	33.86
Total Non-Current Provisions	53.18	33.86

Notes to Financial Statements for the year ended 31 March 2020**Current**

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity	-	-
Total Current Provisions	-	-

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 ₹ 11.16 Lacs (31 March 2019: ₹ 11.69 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

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening defined benefit obligation	64.04	56.41
Current service cost	3.87	3.12
Past service cost	-	-
Interest expense/(income)	4.87	4.18
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	7.72	(1.46)
Due to change in demographic assumption	-	(0.04)
Due to experience adjustments	7.02	1.83
Benefit payments	-	-
Closing Defined Benefit Obligation	87.52	64.04

Plan Assets

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening value of plan assets	30.17	24.47
Interest expense/(income)	2.44	1.96
Return on plan assets, excluding amounts included in interest expense/(income)	(0.11)	0.10
Assets distributed on settlements	-	-
Contributions by employer	1.82	3.64
Closing Value of Plan Assets	34.32	30.17

Notes to Financial Statements for the year ended 31 March 2020

The net liability disclosed above relates to funded and unfunded plans are as follows: (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of funded obligations	87.51	64.03
Fair value of plan assets	34.32	30.17
Deficit of funded plan	53.19	33.86
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: (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Current service cost	3.87	3.12
Past service cost	-	-
Admin expenses	-	-
Interest on net defined benefit liability/(asset)	2.43	2.22
(Gain) /Losses on settlement	-	-
Total Expenses charged to P&L A/c	6.30	5.34

The significant actuarial assumptions were as follows:

Particulars	31 March 2020	31 March 2019
Discount rate (p.a.)	6.90%	8.00%
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

Particulars	As at 31 March 2020	As at 31 March 2019
Increase by 0.5%	82.86	60.57
	-5.00%	-5.00%
Decrease by 0.5%	92.50	67.76
	6.00%	6.00%

Notes to Financial Statements for the year ended 31 March 2020

Salary growth rate Sensitivity

Particulars	As at 31 March 2020	As at 31 March 2019
Increase by 0.5%	91.53	66.95
	4.59%	4.55%
Decrease by 0.5%	83.72	61.29
	-4.32%	-4.28%

13 Current Tax Liabilities

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
"Provision for tax [Net of Advance Tax of INR 1100 Lacs (2019 - 1125 Lacs)]"	74.75	61.34
Total Current Tax Liability	74.75	61.34

14 Other current liabilities

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance from customers	138.79	165.49
Other current liabilities	138.79	165.49

15 Revenue from Operations

(Amount in Lakhs)

Particulars		Current Year 2019-20	Previous Year 2018-19
Sale of products (including excise duty)			
Manufactured goods		18,229.84	18,222.78
Traded goods		3,115.37	3,949.11
	(A)	21,345.21	22,171.89
Other operating revenue			
Export incentive		476.18	440.79
Net gain on foreign currency transaction and translation		640.19	222.67
	(B)	1,116.37	663.46
Total revenue from continuing operations		22,461.58	22,835.35

Notes to Financial Statements for the year ended 31 March 2020

16 Other Income (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Interest received	48.46	32.58
Proceeds on maturity of keymen policy	18.33	16.99
Interest on late payment from debtors	-	0.07
Interest on loan given	-	0.22
Lifting charges	4.47	6.18
Interest on FV of rent deposit	1.96	1.71
Sundry balances written back	(8.75)	1.05
Total other income	64.47	58.80

17(a) Cost of materials consumed (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
(i) Opening Stock		
Raw materials and packing material	1,287.35	1,108.94
Stock in transit	25.29	25.44
(ii) Add: Purchases		
Raw materials	9,408.09	10,032.12
Packing material	306.41	330.01
Fuel	282.59	270.52
(iii) Less: Closing Stock		
Raw material and packing materials	996.55	1,287.35
Stock in transit	216.76	25.29
Labour charges	533.83	611.89
Total	10,630.25	11,066.28

17(b) Purchase of stock in trade (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Traded goods	2,703.56	3,359.26
Total	2,703.56	3,359.26

Notes to Financial Statements for the year ended 31 March 2020

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

Particulars		Current Year 2019-20	Previous Year 2018-19
(i) Manufactured finished goods			
Opening stock		814.30	816.11
Less: Closing stock		1,130.07	814.30
	(A)	(315.77)	1.81
(ii) Work-in-progress			
Opening stock		748.46	584.49
Less: Closing stock		603.08	748.46
	(B)	145.38	(163.97)
(iii) Traded goods			
Opening stock		652.67	923.89
Less: Closing stock		470.84	652.67
	(C)	181.83	271.22
Total		11.44	109.06

18 Employee benefit expense (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Factory salaries and wages	244.39	254.58
Bonus	26.71	17.26
Remuneration & commission to Directors	409.42	345.00
Contribution to provident and other funds	14.88	15.81
ESIC	0.74	1.19
Staff welfare expenses	38.50	38.02
Total employee benefit expense	734.64	671.86

19 Finance cost (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Interest on long term borrowings	16.62	30.04
Interest on short term borrowings	27.13	31.67
Interest on bill discounting and PCL	173.47	208.42
Interest Expenses (Ind AS)	0.72	-
Bank processing charges	64.04	63.25
Loan processing charges	11.74	10.16
Total finance cost	293.72	343.54

Notes to Financial Statements for the year ended 31 March 2020**20 Depreciation and amortisation expense** (Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Depreciation on property, plant and equipment	278.46	238.34
Amortisation of lease assets	4.92	-
Total Depreciation and Amortisation Expense	283.38	238.34

21 Other expenses (Amount in Lakhs)

Particulars		Current Year 2019-20	Previous Year 2018-19
a) Manufacturing and operating expenses			
Factory salaries and wages		39.50	29.91
Anti-dumping duty		-	30.91
Clearing and forwarding		89.37	83.69
Conveyance		0.58	0.98
Effluent treatment charges		23.64	38.65
Freight and octroi charges		154.19	186.95
Insurance charges		14.00	9.58
Loading and unloading charges		4.09	5.37
Power charges		605.23	530.22
Professional and consultancy fees		3.02	7.07
Repairs and maintenance:			
- Buildings		24.92	24.92
- Plant and machinery		473.12	415.67
- Others		149.42	158.53
Stores and spares consumed		219.66	210.81
Warehousing charges		25.27	28.58
Import charges		28.84	22.42
Miscellaneous manufacturing and operating expenses		88.60	96.65
Commission on Purchase		7.90	6.43
	(A)	1,951.35	1,887.34
b) Administrative expenses			
Agency charges		23.57	21.59
Keyman insurance premium		14.05	14.02
Insurance charges-others		7.26	1.83
Printing and stationery		34.85	34.83
Payments to Auditors (refer note 21.1)		9.00	8.00
Communication expenses		6.55	6.24
Electricity expenses		6.76	3.33

Notes to Financial Statements for the year ended 31 March 2020

(Amount in Lakhs)

Rent		5.72	21.99
Rates & taxes		32.65	2.65
Professional and consultancy charges		85.81	52.01
Donation		4.56	5.77
Listing fees		7.02	5.90
Travelling charges		16.84	16.59
Commission		90.00	90.00
Director sitting fees		1.50	1.10
Interest on others		7.39	0.97
Corporate social responsibility (refer note 21.2)		61.00	50.00
Miscellaneous administrative expenses		80.80	56.92
	(B)	495.33	393.75
c) Selling and distribution expenses			
Advertisement		7.73	3.01
Allowance for doubtful debts and advances		55.00	8.65
Business promotion		56.98	37.70
Clearing and forwarding(S)		6.15	4.81
Commission expenses		22.23	63.99
E. C. G. C. premium		10.56	11.64
Exhibition and trade fair expenses		39.80	31.39
Foreign travelling expenses		25.35	19.09
Insurance		2.50	2.88
ISI / FDA marketing fees		155.58	164.03
Freight and octroi charges		392.82	289.88
Terminal handling charges		80.03	70.56
Packing and forwarding		30.61	26.45
Miscellaneous distribution and selling expenses		3.93	5.89
	(C)	889.27	739.97
Total other expenses	(A+B+C)	3,335.95	3,021.05

21.1 Details of payment to auditors

(Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Payment to auditors		
As Auditor:		
Statutory audit fees	9.00	8.00
Total payments to auditors	9.00	8.00

Notes to Financial Statements for the year ended 31 March 2020

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 Rs.59.26 Lacs (PY - Rs.47.13 Lacs) and actually spent by the Company during the year is Rs.61.00 Lacs (PY- Rs. 50 Lacs), the details of which is as given below:

(Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
For Educational activity for the benefit of the student	61.00	50.00
Total corporate social responsibility expenditure	61.00	50.00

22 Income Tax Expense

(Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Income tax expense		
Current tax		
Current tax on profits for the year	1,172.00	1,197.00
Total current tax expense	1,172.00	1,197.00
Deferred tax		
Deferred tax expense/(income)	(46.87)	(17.76)
Total deferred tax expense/(income)	(46.87)	(17.76)
Income tax expense	1,125.13	1,179.24
Income tax expense is attributable to:		
Profit from continuing operations	1,125.13	1,179.24
Profit from discontinued operation	-	-

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

(Amount in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Profit from continuing operations before Income tax expense	4,533.11	4,084.76
Profit from discontinuing operations before Income tax expense	-	-
	4,533.11	4,084.76
Tax at the Indian Tax Rate of 25.17% (2018-2019 - 29.12 %)	1,140.89	1,189.48
Non-deductible tax expenses / disallowances under Income Tax Act	18.93	24.31
Tax-exempt income and deductions under Chapter VI A of Income Tax Act	(7.68)	(7.28)
Temporary difference recognised in deferred taxes	14.21	(22.38)
Others	5.61	12.88
Income tax expense	1,171.97	1,197.00

Notes to Financial Statements for the year ended 31 March 2020**Note 23: Fair values Measurement****(Amount in Lakhs)****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.

Particulars	As at 31 March 2020							
	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	-	-	1,320.15	1,320.15	-	-	1,320.15	1,320.15
Current Financial assets								
Trade receivables	-	-	7,702.14	7,702.14	-	-	7,702.14	7,702.14
Cash and cash equivalents	-	-	711.57	711.57	-	-	711.57	711.57
Bank balances other than cash and cash equivalents	-	-	771.07	771.07	-	-	771.07	771.07
Current loans	-	-	37.28	37.28	-	-	37.28	37.28
Other current financial assets	-	-	73.16	73.16	-	-	73.16	73.16
- Rent deposits	15.30	-	-	15.30	-	-	15.30	15.30
	15.30	-	10,615.37	10,630.67	-	-	10,630.67	10,630.67
Non Current Financial liabilities								
Borrowings	-	-	125.57	125.57	-	-	125.57	125.57
Current Financial liabilities								
Lease Liability	-	-	2.53	2.53	-	-	2.53	2.53
Borrowings	-	-	3,101.96	3,101.96	-	-	3,101.96	3,101.96
Trade payables - MSME	-	-	216.27	216.27	-	-	216.27	216.27
Trade payables - other than MSME	-	-	1,569.36	1,569.36	-	-	1,569.36	1,569.36
Other current financial liabilities	-	-	315.57	315.57	-	-	315.57	315.57
	-	-	5,331.26	5,331.26	-	-	5,331.26	5,331.26

Notes to Financial Statements for the year ended 31 March 2020

Particulars	As at 31 March 2019 (Amount in Lakhs)							
	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
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	-	-	88.45	88.45	-	-	88.45	88.45
- Rent deposits	13.33	-	-	13.33	-	-	13.33	13.33
	13.33	-	8,161.66	8,174.99	-	-	8,174.99	8,174.99
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

B. Fair value hierarchy

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 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

Notes to Financial Statements for the year ended 31 March 2020

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, 2020 and March 31, 2019 are as below: (Amount in Lakhs)

March 31, 2020	USD	INR	EUR	INR	AED	INR	GBP	INR
Financial assets (A)								
Trade and other receivables	64.54	4,789.39	6.43	533.05	-	-	-	-
Advance given to suppliers	3.11	224.08	-	-	2.62	48.99	-	-
Financial liabilities (B)								
Trade and other payables	4.20	3,129.53	-	-	-	-	-	-
Net exposure (A - B)	63.45	1,883.94	6.43	533.05	2.62	48.99	-	-
March 31, 2019	USD	INR	EUR	INR	AED	INR	GBP	INR
Financial assets (A)								
Trade and other receivables	62.77	4,403.72	3.58	282.58	-	-	1.82	164.66
Financial liabilities (B)								
Trade and other payables	7.58	524.30	1.76	136.75	-	-	-	-
Net exposure (A - B)	55.19	3,879.42	1.82	145.83	-	-	1.82	164.66

The following significant exchange rates have been applied in respective year:

Particulars	Exchange rate as on	Exchange rate as on
	31-Mar-20	31-Mar-19
USD	75.39	69.17
EUR	83.05	77.70
AED	20.44	18.87
GBP	93.08	90.48

Notes to Financial Statements for the year ended 31 March 2020

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currencies at March 31 2020 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 & advance given to suppliers

Effect in INR	March 31, 2020		March 31, 2019	
	3% decrease	3% Increase	3% decrease	3% Increase
3% movement				
USD	(143.68)	143.68	(132.11)	132.11
EUR	(15.99)	15.99	(8.48)	8.48
AED	(1.47)	1.47		
GBP	-	-	(4.94)	4.94
Trade Payables				
Effect in INR	March 31, 2020		March 31, 2019	
	3% Increase	3% decrease	3% Increase	3% decrease
3% movement				
USD	(93.89)	93.89	(15.73)	15.73
EUR	-	-	(4.10)	4.10

Notes to Financial Statements for the year ended 31 March 2020

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 uses an allowance matrix to measure the expected credit losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(Amount 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	550.00	10.00%	55.00	495.00
	550.00	10.00%	55.00	495.00

Note - Expected credit loss is worked out on the trade receivable for which no specific provision is made.

b. Cash and cash equivalents and Other bank balances

The Company held cash and cash equivalents and other bank balances of Rs 1,482.63 lakhs at March 31, 2020 (March 31, 2019: Rs. 1,850.05 lakhs) The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

c. Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(Amount in Lakhs)

Exposure to Credit Risk	As at 31 Mar 2020	As at 31 Mar 2019
Financial risk for which loss allowance is measured using 12 months expected Credit Losses (ECL)		
Loans	37.28	31.65
Cash & cash equivalent	1,482.64	1,850.05
Trade receivables	7,207.14	6,112.12
Financial risk for which loss allowance is measured using Lifetime expected Credit Losses (ECL)		
Trade receivables	495.00	77.81

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

Notes to Financial Statements for the year ended 31 March 2020

Note 24: Financial Risk Management

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 (Amount in Lakhs) at the reporting date based on contractual undiscounted payments

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
As on 31.03.2019				
Current borrowings	3,940.46	-	-	3,940.46
Trade payables	1,826.74	-	-	1,826.74
Other financial liabilities	279.67	-	-	279.67
Term loans- from banks	-	276.01	-	276.01
As on 31.03.2020				
Current borrowings	3,101.96	-	-	3,101.96
Trade payables	1,785.63	-	-	1,785.63
Other financial liabilities	315.57	-	-	315.57
Lease liabilities	2.53	-	-	2.53
Term loans- from banks	-	125.57	-	125.57

Maturity profile of financial assets

The table below provide details regarding the contractual maturities of financial assets at the reporting date (Amount in Lakhs)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
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
As on 31.03.2020				
Trade receivables	7,702.14	-	-	7,702.14
Current loans	37.28	-	-	37.28
Other current financial assets	4.27	1.46	82.73	88.46

Notes to Financial Statements for the year ended 31 March 2020

D. Interest Rate Risk Exposure

I. Interest rate risk exposure

(Amount in Lakhs)

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	31st March 2020			31st March 2019	
	Weighted average Interest rate	Balance	% of Total Loans	Weighted average Interest rate	Balance
Bank Overdrafts , Bank Loan	9.85	71.94	100	10.66	2,720.40

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	Impact on Profit after tax	
	31-Mar-20	31-Mar-19
Interest rate - Increase by 100 Basis Points	12.97	20.36
Interest rate - Decrease by 100 Basis Points	(12.97)	(20.36)

Note 25: Assets Pledged/ Mortgaged/Hypothecated as security

(Amount in Lakhs)

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

Particulars	As on 31 March 2020	As on 31 March 2019
Current Financial Assets		
First Charge		
Book debts	7,702.14	6,189.93
Stock of raw material	941.69	1,267.43
Stock of work in progress	603.08	748.46
Stock of finished goods	1,130.07	814.30
Stock of traded goods	470.85	652.67
Stock of packaging material	54.86	19.92
Stock in transit (RM)	216.74	25.29
Total current assets mortgaged/hypothecated as security	11,119.43	9,718.00
Non-current		
First Charge		
Freehold land	3.75	3.75
Leasehold land	194.88	29.45
Factory building	883.32	926.39
Administrative building	12.31	13.88
Furniture and fixtures	0.06	0.13
Office premises	238.89	248.54
Office equipments	2.30	3.55
Plant & machinery	1,619.48	1,703.44
Electrical installation	59.47	78.35
Total non-current assets mortgaged/hypothecated as security	3,014.46	3,007.48
Total assets mortgaged/hypothecated as security	14,133.89	12,725.48

Notes to Financial Statements for the year ended 31 March 2020

26 Capital Management

(Amount in Lakhs)

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.

Particulars	As at 31 March 2020	As at 31 March 2019
Net debt	3,409.07	4,398.00
Total equity plus debt	16,297.07	14,498.02
Net Debt to Equity Ratio	20.92%	30.34%

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	Wholly Owned Subsidiary
Trident Colours & Chemicals	Enterprises in which relative of KMP is a Proprietor
Vibgyor Exports	Enterprises in which director is a Proprietor
Bipin M. Manek	Key Management Personnel - Executive Director
Mihir B. Manek	Key Management Personnel - Executive Director
Pravina B. Manek	Key Management Personnel - Non Executive Director
Vijay K. Atre	Key Management Personnel - Non Executive Director
Rahul Berde	Key Management Personnel - Independent Director
Niren Desai	Key Management Personnel - Independent Director
Prafulchandra Shah	Key Management Personnel - Independent Director
Ashit Doshi	Key Management Personnel - Independent Director (W.e.f. 20th June 2019)
Jyoti Modi	Key Management Personnel - Independent Director (W.e.f. March 19, 2020)
Mitesh Manek	Chief Financial Officer
Sherry Jain	Company Secretary (till 11th January, 2020)
Awdhesh Kumar Pandey	Company Secretary (w.e.f 11th February, 2020)

b) Key management personnel compensation

(Amount in Lakhs)

Particulars	31 March 2020	31 March 2019
Short term employee benefits - Directors	409.42	351.02
Short term employee benefits - CFO and CS	21.80	19.86

Notes to Financial Statements for the year ended 31 March 2020**c) Transactions with related parties**

(Amount in Lakhs)

Particulars	31 March 2020	31 March 2019
Pravina B. Manek - Bank Guarantee Commission	45.00	45.00
Bipin M. Manek - Bank Guarantee Commission	45.00	45.00
Trident Colours and chemicals	106.04	39.76
High Seas Purchase from Trident Colours	106.04	39.76
Vibgyor Exports	357.31	-
Sales made during the year	420.41	-
Sales return during the year	(63.10)	-
Pravina B. Manek - Security Deposit		
Arjun Food Colorants Manufacturing Private Ltd	0.02	-
Loan Given during the year	15.02	-
Loan received back during the year	(15.00)	-
Director's Sitting Fees	31 March 2020	31 March 2019
Rahul Berde	0.33	0.20
Niren Desai	0.43	0.40
Prafulchandra Shah	0.43	0.40
Chetan Bavishi	-	0.10
Ashit Kantilal Doshi	0.33	-
Professional Fees	31 March 2020	31 March 2019
Anil Kumar Dhar	-	3.51

d) Balances with the parties outstanding

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Pravina B. Manek - Security Deposit	-	73.90
Trident Colours and chemicals	292.99	321.97
Bipin Manek	-	55.30
Mihir B. Manek	-	66.99
Rahul Berde	0.11	0.11
Arjun Food Colorants Private Ltd	0.02	-
Vibgyor Exports	146.44	-

Notes to Financial Statements for the year ended 31 March 2020**28 Contingent liabilities**

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
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

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Basic earnings per share From continuing operations attributable to the equity share holders of the company	6.82	5.82
b) Diluted earnings per share From continuing operations attributable to the equity share holders of the company	6.82	5.82

c) Reconciliation of earning used in calculation earnings per share

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Profit from continuing operations attributable to equity share holders of the company (including comprehensive income)	3,407.98	2,905.52

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

Particulars	As at 31 March 2020	As at 31 March 2019
	Number of shares (in Lakhs)	Number of shares (in Lakhs)
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	499.45	499.45

Notes to Financial Statements for the year ended 31 March 2020

Note No 30 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.

Non Cancellable Operating Leases:

(Amount in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	1.87	5.51
Later than 1 year but not later than 5 years	-	1.87
Later than 5 years	-	-
	1.87	7.39
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-Mar-20	31-Mar-19
Minimum lease payments	6.88	6.48
Total Rental expense relating to operating leases	6.88	6.48

31	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 States and others.

Particulars	2019-20			2018-19		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenue						
Sales to external customers	4,256.34	17,088.87	21,345.21	5,216.45	16,955.44	22,171.89
Other segment information						
<u>Segment Assets</u>	13,037.92	5,595.51	18,633.43	12,025.66	4,863.52	16,889.18
Capital Expenditure:						
Additions to tangible & intangible fixed assets (Including CWIP)	472.28	-	472.28	403.11	-	403.11

Notes to Financial Statements for the year ended 31 March 2020

	Geographical Segment	Composition
	Domestic	All over India
	Exports	Australasia, Amercia, 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:	

- 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** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all its manufacturing units in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, product supply, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period. The Management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
- 34** The company has reclassified previous year figures to conform to this year's classification.

Signature to Notes 1 to 34 of the financial statements**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

CA. Nimesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020**For and on behalf of the board of directors of
Vidhi Specialty Food Ingredients Limited****Bipin M. Manek**

Chairman & Managing Director

DIN: 00416441**Mitesh D. Manek**

Chief Financial Officer

Mumbai, June 25, 2020**Mihir B. Manek**

Joint Managing Director

DIN: 00650613**Awdhesh Kumar Pandey**

Company Secretary

Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of **Vidhi Specialty Food Ingredients Limited** ("the Company") and its wholly owned subsidiary company i.e. **Arjun Food Colorants Manufacturing Private Limited** (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity, with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements.

Emphasis of Matter

1. Note 32 to the financial statements which describe the Management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The Management believes that no adjustments are required in the Financial Statements as it does not impact the financial year ended March 31, 2020, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
2. On account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations, subsequent to the year-end. Also, we were not able to physically observe the stock verification, where carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Consolidated Financial Statements.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Physical verification of Inventories:</p> <p>The Company's management conducts physical verification of inventories during the year at reasonable intervals, however, on account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories at a date other than the date of financial statements. Management has carried out other procedures to validate the existence of its inventory as at the year end, such as obtaining confirmations from third party warehouses and carrying out consumption analysis and stock movement analysis.</p>	<p>We performed following alternate procedures to audit the existence of inventories as at the year-end, since we were not able to physically observe the stock verification:</p> <ul style="list-style-type: none"> ● evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year. ● for stocks at third party warehouses, obtained direct confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at year end, on a sample basis. ● observed the physical verification of inventories carried out by management at certain locations subsequent to year end through virtual mediums, and performed roll back procedures evidencing the movement in stocks from the date of such verification to the year end, on a sample basis. ● verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.
2	<p>Trade Receivables:</p> <p>Trade receivables comprise a significant portion of the Current assets of the Group and serve as security for a majority of the Group short-term debt, As indicated in Note 4.2 to the Consolidated financial statements The receivables provision has been made based on Expected Credit Loss method. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.</p>	<p>We assessed the validity of material long outstanding receivables by obtaining third-party confirmations of amounts Receivables. 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 Group 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

	<p>Accordingly, the estimation of the allowance for trade receivables is a significant judgment area and is therefore considered a key audit matter.</p>	<ul style="list-style-type: none"> ● Considered the completeness and accuracy of the disclosures. To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias. We were satisfied that the Group'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 consolidated financial statements are appropriate.
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Information Other than the Consolidated 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 consolidated financial statements and our report thereon

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Management’s Responsibility for the Consolidated Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated 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, 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 consolidated 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.

Other Matters

- a) We did not audit the financial statements of the wholly owned subsidiary i.e. **Arjun Food Colorants Manufacturing Private Limited**, whose financial statements reflect total assets of Rs.525.32 lakhs as at 31 March 2020, total comprehensive income and net loss after tax of Rs. 3.83 lakhs for the year ended 31 March 2020 as considered in the consolidated Ind AS financial statements. These financial statements of the subsidiary have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements, including, inter-alia financial statement of the subsidiary duly audited by the component auditor;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2020 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 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 internal financial control over financial reporting of the Company, for reasons stated therein.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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 consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts, including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For JMR Associates LLP

Chartered Accountants

Firm Registration No.106912W / W100300

Nikesh Jain

Partner

Membership No. 114003

UDIN:20114003AAAACG6423

Mumbai: 25 June 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

(Referred to in paragraph 1(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”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Vidhi Specialty Food Ingredients Limited** (hereinafter referred to as “Company”) as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 (“the 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 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, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 ICAI.

For JMR Associates LLP

Chartered Accountants

Firm Registration No.106912W / W100300

Nikesh Jain

Partner

Membership No. 114003

UDIN: 20114003AAAACG6423

Mumbai: 25 June 2020

Consolidated Balance Sheet as at 31 March 2020

(Amount in Lakhs)

Particulars	Notes	As at 31 March 2020
Assets		
1. Non-current assets		
(a) Property, plant and equipment	3	4,024.11
(b) Capital work-in-progress	3	550.49
(c) Investment property		-
(d) Right to Use Asset-INDAS 116	3.1	2.13
(e) Other non-current assets	6	20.71
(f) Financial assets		
(i) Investments	4.1	-
(ii) Loans		-
(iii) Others		-
Total Non Current Assets		4,597.44
2. Current assets		
(a) Inventories	7	3,417.29
(b) Financial assets		
(i) Investments		-
(ii) Trade receivables	4.2	7,702.14
(iii) Cash and cash equivalents	4.3	714.55
(iv) Bank balances other than (iii) above	4.4	771.07
(v) Loans	4.5	37.28
(vi) Others	4.6	88.46
(c) Current tax assets (Net)	13	-
(d) Other current assets	8	1,372.02
(e) Assets classified as held for sale		-
Total Current Assets		14,102.81
Total Assets		18,700.25
Equity and Liabilities		
Equity		
(a) Equity share capital	9	500.20
(b) Other equity	10	12,371.95
Total Equity		12,872.15
Liabilities		
1. Non-current Liabilities		
(a) Financial liabilities		
(i) Borrowings	11.2	127.67
(b) Provision	12	53.18
(c) Deferred tax liabilities (Net)	5	209.18
(d) Other non-current liabilities		-
Total Non -current Liabilities		390.03
2. Current Liabilities		
(a) Financial liabilities		
(i) Lease Liability	11.1	2.53
(ii) Borrowings	11.3	3,101.96
(iii) Trade payables - MSME	11.4	218.96
(iii) Trade payables - other than MSME	11.5	1,572.24
(iv) Other financial liabilities	11.6	315.83
(b) Provisions	12	13.02
(c) Current tax liabilities (Net)	13	74.73
(d) Other current liabilities	14	138.80
Total Current Liabilities		5,438.07
Total Equity and Liabilities		18,700.25
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

CA. Nikesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020

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

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mitesh D. Manek

Chief Financial Officer

Mumbai, June 25, 2020

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Awdhesh Kumar Pandey

Company Secretary

Statement of Consolidated Profit and Loss for the year ended 31 March 2020

(Amount in Lakhs)

Particulars	Notes	Current Year 2019-20
Income		
Revenue from operations	15	22,461.58
Other income	16	64.47
Total Income		22,526.05
Expenditure		
Cost of material consumed	17(a)	10,630.25
Purchase of traded goods	17(b)	2,703.56
Change in inventories of traded goods and finished goods	17(c)	11.44
Employee benefits expense	18	734.64
Finance costs	19	293.72
Depreciation and amortisation expense	20	297.82
Other expenses	21	3,337.35
Total Expenses		18,008.78
Profit for the year before tax		4,517.27
Tax expenses		
Current tax	22	1,172.00
Deferred tax charge (credit)	22	(46.87)
Total tax expenses		1,125.13
Profit for the year from continuing operations		3,392.14
Other Comprehensive Income		
i) Items that will not be reclassified subsequently to profit or loss		(14.85)
ii) Income tax related to above		(0.33)
Other Comprehensive Income		(15.18)
Total Comprehensive Income		3,376.96
Earnings per share for profit from continuing operations:		
Basic Earnings per share		6.79
Diluted Earnings per share		6.79
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

CA. Nikesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020

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

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mitesh D. Manek

Chief Financial Officer

Mumbai, June 25, 2020

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Awdhesh Kumar Pandey

Company Secretary

Consolidated Cash flow statement for the year ended 31st March 2020

(Amount in Lakhs)

Particulars	Current Year 2019-20
Cash flow from Operating activities	
Profit before Income tax	4,517.27
Adjustments for :	
Depreciation	297.82
Finance Cost	293.72
Sundry balance written back	8.75
Sundry Balance Written Off	3.17
Interest income	(48.46)
Proceeds on Maturity of Keymen Policy	18.33
Adjustment for Other Comprehensive Income	(14.85)
Expected Credit loss	55.00
Transition Prov of Ind AS 116	(0.84)
Interest on MSME	(0.31)
Operating profit before Working Capital changes	5,129.60
(Increase) / Decrease in Trade Receivables	(1,570.38)
(Increase) / Decrease in Inventories	110.78
(Increase) / Decrease in Financial Assets - Loans	(5.71)
(Increase) / Decrease in Financial Assets - Others	13.32
(Increase) / Decrease in Other non-current assets	1.96
(Increase) / Decrease in Other current assets	779.12
Increase / (Decrease) in Trade payables	(44.52)
Increase / (Decrease) in Provisions	21.10
Increase / (Decrease) in Other financial liabilities	38.43
Increase / (Decrease) in Other current liabilities	(31.87)
Net changes in Working Capital	(687.77)
Cash generated from Operations	4,441.83
Direct taxes paid	(1,158.59)
Net cash Inflow / (Outflow) from operating activities [A]	3,283.24
Cash flow from Investing activities	
Purchase of Fixed Assets	(477.21)
Interest received	48.46
Proceeds on Maturity of Keymen Policy	(18.33)
Investment	(794.56)
Net cash Inflow / (Outflow) from Investing activities [B]	(1,241.64)

Consolidated Cash flow statement for the year ended 31st March 2020**(Amount in Lakhs)**

Cash flow from Financing activities	
Dividend paid	(603.96)
Finance Cost	(293.72)
Proceeds / (Repayment) of Long Term Borrowings	(670.89)
Proceeds / (Repayment) of Short Term Borrowings	(838.50)
Net cash Inflow / (Outflow) from Financing activities [C]	(2,407.07)
Net Increase / (Decrease) in cash and cash equivalents [A+B+C]	(365.47)
Cash and cash equivalents at the beginning of the year	1,851.10
Cash and cash equivalents at the end of the year	1,485.63
<i>Reconciliation of Cash and Cash Equivalents as per the cash flow statement</i>	
Cash and Cash Equivalents as per above comprise of the following	
Particulars	(Amount in Lakhs) As at 31 March 2020
Balances with banks	
- in current accounts	675.82
- in unpaid dividend accounts *	27.05
Cheque on Hand	28.05
Deposits with maturity of less than three months	
- Bank balance other than Cash and Cash equivalents	744.03
Cash on hand	10.68
Balance as per statement of Cash Flows	1,485.63

* The company can utilize these balances only towards the settlement of the respective unpaid dividend.

Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind As 7 specified under section 133 of the Companies Act, 2013.
- Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

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

CA. Nikesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020

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

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mitesh D. Manek

Chief Financial Officer

Mumbai, June 25, 2020

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Awdhesh Kumar Pandey

Company Secretary

Statement of changes in equity for the year ended 31st March, 2020**A. Share Capital (Amount in Lakhs)**

Particulars	Amount
AS at 1st April, 2019	500.20
Changes in Equity share capital	-
AS at 31st March, 2020	500.20

B. Other Equity (Amount in Lakhs)

Particulars	Reserves and Surplus		Total Other Equity
	General Reserve	Retained Earnings	
Balance at 01-Apr-2019	1,151.49	8,440.53	9,592.02
Transfer to General Reserve	339.28	(339.28)	-
Profit for the year	-	3,392.14	3,392.14
Dividend and DDT paid	-	(603.96)	(603.96)
Transitional Prov (Ind AS -116)	-	(0.84)	(0.84)
Other Comprehensive Income	-	(15.18)	(15.18)
Total Comprehensive Income for the year	-	(15.18)	(15.18)
Balance at 31-Mar-2020	1,490.77	10,873.41	12,362.18

As per our report of even date

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

CA. Nikesh Jain

Partner

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Mumbai, June 25, 2020**For and on behalf of the board of directors of****Vidhi Specialty Food Ingredients Limited****Bipin M. Manek**

Chairman & Managing Director

DIN: 00416441**Mitesh D. Manek**

Chief Financial Officer

Mumbai, June 25, 2020**Mihir B. Manek**

Joint Managing Director

DIN: 00650613**Awdhesh Kumar Pandey**

Company Secretary

Notes forming part of Consolidated Financial Statements

Corporate Information:

The Company was incorporated on 19th January, 1994. 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 Company and its Subsidiary i.e. Arjun Food Colorants Manufacturing Private Limited (collectively referred as “the Group”) are engaged in the business of manufacturing and trading in synthetic food colors and trading in chemicals.

The equity shares of the Parent Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

(1) Significant Accounting Policies:

(i) Basis of preparation

The Consolidated 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 Parent Company’s financial statements upto the year ended 31st March 2017 and the Subsidiary Company’s financial statements upto the year ended 31st March 2019 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 Parent Company and from 1st April 2019, the subsidiary 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 in case of Parent Company and from 1st April, 2018 in case of Subsidiary Company 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.

The consolidated financial statements were approved by the Company’s Board of Directors and authorization for issue on 25th June 2020.

(ii) Principles of Consolidation

- 1) The consolidated financial statements include the financial statements of Vidhi Specialty Food Ingredients Limited, the parent Company (hereinafter referred to as ‘the Company’) and its subsidiary Arjun Food Colorants Manufacturing Private Limited (collectively referred to as “the Group”)

“The consolidated financial statements have been prepared on the following basis:”

- i. The financial statements of the parent Company and the subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent Group and its share in the post acquisition increase in the relevant reserves of the subsidiaries.
- ii. The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of equity in the subsidiaries is recognized in the financial statements as ‘goodwill’. The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognized in the financial statements as ‘capital reserve’.

- iii. Minority interest in the net assets of consolidated subsidiaries consists of:
 - a) the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
 - b) the minorities share of movements in equity since the date the parent and subsidiary relationship came into existence.
- iv. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Group for its separate financial statements.
- v. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

2) The subsidiary Company considered in the consolidated financial statements are:

Name of the Subsidiary	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming subsidiary
Arjun Food Colorants Manufacturing Private Limited	India	100	INR	22 April 2019

(iii) Use of Estimates

Preparation of Consolidated 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.

(iv) Current / Non-Current classification

The normal operating cycle of the Group 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.

(v) Revenue Recognition

Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership to the customers, which is generally on dispatch of goods and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are stated exclusive of sales tax & GST and net of trade discount and quantity discount.

Dividend Income is recognized when the right to receive the dividend is established.

Interest Income is recognized on time proportion basis.

Export incentives / benefits are accounted for on accrual basis on value of exports affected during the year under consideration.

(vi) 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).

(vii) 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 consolidated 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 amortization 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.

(viii) 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 Group 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 Group 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.

(ix) 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.

(x) Foreign currency

The Group's financial statements are presented in INR, which is also the Group'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 Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

(xi) 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 Group 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 Group.

(xii) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a. Group as Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease. The Group recognises lease liabilities measured at the present value of lease payments to be made on the date

of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such re-measurements is adjusted to the value of the ROU assets.

b. Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

(xiii) 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.

(xiv) Provisions

Provisions are recognised when the Group 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.

(xv) 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.

(xvi) 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 Group'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 Group decides to measure the same either at fair value through other comprehensive income (FVTOCI) or FVTPL. The Group makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of profit or loss, even on sale of such instruments.

The Investments are measured at Fair Market Value. The diminution in the market value of investments is not considered unless such diminution is considered permanent and accordingly provision for diminution is made in books of accounts.

All other financial asset is measured at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or
 - b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets:

In accordance with Ind-AS 109, the Group applies Expected Credit Losses (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The Group follows "Simplified Approach" for recognition of impairment loss on these financial assets. The application of simplified approach does not require the Group 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 Group'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 Group 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 Consolidated 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 Group 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 Group uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Loans and borrowings – subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The Effective Interest Rate (EIR) amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to Financial Statements for the year ended 31st March 2020

3 Property, Plant and Equipment (Amount in Lakhs)															
Particulars	Tangible Assets										Intangible Asset				
	Leasehold Land	Freehold Land	Factory Building	Administrative Building	Furniture and Fixtures	Office Premises	Office Equipments	Plant and Machinery	Electrical Installation	Computers	Telephones	Vehicles	Total	Goodwill	Total Asset
Gross Block															
At 01st April 2019 *	167.12	3.75	1,053.96	18.57	0.49	277.36	6.86	2,119.38	135.76	0.14	0.60	127.93	3,911.92	-	3,911.92
Additions during the year	166.27	-	-	-	-	-	-	94.18	-	-	-	40.65	301.10	786.93	1,088.03
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2020	333.39	3.75	1,053.96	18.57	0.49	277.36	6.86	2,213.56	135.76	0.14	0.60	168.58	4,213.02	786.93	4,999.95
Accumulated Depreciation															
At 01st April 2019	1.32	-	127.57	4.69	0.35	28.83	3.31	415.94	57.41	0.13	0.61	54.79	694.95	-	694.95
Depreciation during the year	3.27	-	43.07	1.57	0.08	9.64	1.25	178.14	18.88	-	-	24.99	280.89	-	280.89
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2020	4.59	-	170.64	6.26	0.43	38.47	4.56	594.08	76.29	0.13	0.61	79.78	975.84	-	975.84
Net Block															
At 31st March 2020	328.80	3.75	883.32	12.31	0.06	238.89	2.30	1,619.48	59.47	-	-	88.80	3,237.18	786.93	4,024.11
Capital Work in Progress															
At 31st March 2020	550.49														550.49
Notes:-															
1	The Board currently estimates that there are no components which have significantly different lives from the underlying primary assets														
2	Including opening balance of 100% subsidiary company.														

Notes to Financial Statements for the year ended 31 March 2020

3.1	Right-Of-Use Assets																											
	<p>Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.</p> <p>On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 5.82 Lakhs, and a lease liability of ₹ 5.82 Lakhs. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments</p> <p>The following is the summary of practical expedients elected on initial application:</p> <ol style="list-style-type: none"> Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind As 17 <p>The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 14.72%</p> <p>Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:</p> <p style="text-align: center;">Category of ROU Assets : Building</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">As at 31.03.2020 Amount in lakhs</th> </tr> </thead> <tbody> <tr> <td colspan="2">I. Gross Carrying Amount</td> </tr> <tr> <td>Balance at the beginning of the year</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Reclassified on account of adoption of Ind AS 116</td> <td style="text-align: right;">5.82</td> </tr> <tr> <td>Additions</td> <td style="text-align: right;">1.23</td> </tr> <tr> <td>Deletions</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Balance at the end of the year</td> <td style="text-align: right;">7.05</td> </tr> <tr> <td colspan="2">II. Accumulated Depreciation and Impairment</td> </tr> <tr> <td>Balance at the beginning of the year</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Depreciation for the year</td> <td style="text-align: right;">4.92</td> </tr> <tr> <td>Accumulated depreciation on deletions</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Balance at the end of the year</td> <td style="text-align: right;">4.92</td> </tr> <tr> <td>III. Net Carrying Amount at end of the year</td> <td style="text-align: right;">2.13</td> </tr> </tbody> </table> <p>The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.</p>			As at 31.03.2020 Amount in lakhs	I. Gross Carrying Amount		Balance at the beginning of the year	-	Reclassified on account of adoption of Ind AS 116	5.82	Additions	1.23	Deletions	-	Balance at the end of the year	7.05	II. Accumulated Depreciation and Impairment		Balance at the beginning of the year	-	Depreciation for the year	4.92	Accumulated depreciation on deletions	-	Balance at the end of the year	4.92	III. Net Carrying Amount at end of the year	2.13
	As at 31.03.2020 Amount in lakhs																											
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Additions	1.23																											
Deletions	-																											
Balance at the end of the year	7.05																											
II. Accumulated Depreciation and Impairment																												
Balance at the beginning of the year	-																											
Depreciation for the year	4.92																											
Accumulated depreciation on deletions	-																											
Balance at the end of the year	4.92																											
III. Net Carrying Amount at end of the year	2.13																											

Notes to Consolidated Financial Statements for the period ended March 31, 2020**Financial Assets****4.1 Non Current Investments****(Amount in Lakhs)**

Particulars	As at 31 March 2020
Investments in Equity Instruments	
Quoted	
10,057 (31 March 2019: 10,057) Equity shares Ontrack Systems Limited	0.15
Less: Provision for diminution of equity shares Ontrack Systems Limited	(0.15)
Total	-
Aggregate amount of Unquoted Investments - gross	0.15
Aggregate amount of impairment in value of investments	(0.15)
Aggregate amount of Unquoted Investments - net	-

4.2 Trade Receivables**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Trade receivables	
Unsecured, considered good	7,702.14
Considered Doubtful	-
Total	7,702.14
Less: Provision for doubtful debts	-
Total receivables	7,702.14
Current portion	7,702.14
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**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Balances with banks	
In current accounts	675.82
Cheque on hand	28.05
Cash Balances:	
Cash on hand	10.68
Total Cash & Cash Equivalents	714.55

Notes to Consolidated Financial Statements for the period ended March 31, 2020**4.4 Bank Balances other than Cash & Cash Equivalents (Amount in Lakhs)**

Particulars	As at 31 March 2020
Earmarked Balances with Bank	
Unpaid dividend accounts	27.05
Bank deposit with original maturity of more than 3 months but less than 12 months*	269.52
Bank deposit with original maturity of more than 12 months*	474.50
Total Bank Balances other than cash & cash equivalents	771.07

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

4.5 Loans (Amount in Lakhs)

Particulars	As at 31 March 2020
Unsecured, considered good	
Loans and advances to employees	37.28
Total Current Loans	37.28

4.6 Other financial assets**Current****(Amount in Lakhs)**

Particulars	As at 31 March 2020
Accrued interest	4.27
Security deposits	82.73
Others	1.46
Total other financial assets	88.46

Notes to Consolidated Financial Statements for the period ended March 31, 2020**5 Deferred tax Liability / (Assets)**

The balance comprises temporary differences attributable to:

(Amount in Lakhs)

Particulars	As at 31 March 2020
Deferred tax liabilities on account of:	
- Depreciation on property, plant and equipments	239.80
- Deferred Tax OCI	0.64
	240.44
Deferred tax asset on account of:	
Provision for bonus	3.28
Security deposit	0.22
Debtors ECL	13.84
DTA of IND AS	13.39
IND AS 116 - ROU	0.53
	31.26
Net Deferred Tax Liability (Net)	209.18
Movement in Deferred Tax Liability / (Assets)	

(Amount in Lakhs)

Particulars	As at 31 March 2020
Opening balance	255.71
Deferred Tax Liability	
Recognised in profit or loss	(34.00)
Recognised in other comprehensive income	0.33
Deferred Tax Asset	
Recognised in profit or loss	(12.86)
Net Deferred tax Liability / (Assets)	209.18

6 Other Non-Current Assets

(Amount in Lakhs)

Particulars	As at 31 March 2020
Long term prepaid expenses	20.71
Total Other Non-Current Assets	20.71

Notes to Consolidated Financial Statements for the period ended March 31, 2020**7 Inventories****(Amount in Lakhs)**

Particulars	As at 31 March 2020
Raw materials	941.69
Work-in-progress	603.08
Finished goods	1,130.07
Traded goods	470.85
Packaging material	54.86
Stock in transit (RM)	216.74
Total Inventories	3,417.29

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**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Advance other than capital advances	
Advance to suppliers	512.01
Others:	
Prepaid expenses	28.55
Deposits /Balance with statutory/government authorities	488.18
Export incentives receivables	341.33
Refund of wealth tax AY 12-13	1.95
Total other current assets	1,372.02

9 Equity Share capital**Authorised equity share capital****(Amount in Lakhs)**

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	600.00	600.00
Increase during the year	-	-
As at 31 March 2019	600.00	600.00
Increase during the year	-	-
As at 31 March 2020	600.00	600.00

Notes to Consolidated Financial Statements for the period ended March 31, 2020**Issued share capital****(Amount in Lakhs)**

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	500.34	500.34
Increase during the year	-	-
As at 31 March 2019	500.34	500.34
Increase during the year	-	-
As at 31 March 2020	500.34	500.34

(i) Subscribed and fully paid up

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	499.45	499.45
Increase during the year	-	-
As at 31 March 2019	499.45	499.45
Increase during the year	-	-
As at 31 March 2020	499.45	499.45

(ii) Subscribed but not fully paid share capital

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
Forfeited shares	0.89	0.75

Total Subscribed share capital

Particulars	Number of Shares (in lakhs) of Rs 1 each	Equity Share Capital
As at 1 April 2018	500.20	500.20
As at 31 March 2019	500.20	500.20
As at 31 March 2020	500.20	500.20

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.

Notes to Consolidated Financial Statements for the period ended March 31, 2020

(iii) Details of shareholders holding more than 5% shares in the company

No of shares (Amount in Lakhs)

Name of Holders	As at 31 March 2020
Bipin M. Manek	141.10
Pravina B. Manek	179.91

Percentage of Holding

Name of Holders	As at 31 March 2020
Bipin M. Manek	28.25%
Pravina B. Manek	36.02%

10 Reserves and Surplus

(Amount in Lakhs)

Particulars	As at 31 March 2020
General reserve	1,490.77
Capital Reserve (Business Combination)	1,319.64
Retained earnings	10,873.41
Reserves and Surplus	13,683.82

(i) General Reserves

(Amount in Lakhs)

Particulars	As at 31 March 2020
Opening balance	1,151.49
Additions for the year	339.28
Closing Balance	1,490.77

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 comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Notes to Consolidated Financial Statements for the period ended March 31, 2020**(ii) Retained Earnings****(Amount in Lakhs)**

Particulars	As at 31 March 2020
Balance at the beginning of the year	8,440.53
Surplus for the year	3,392.14
Other comprehensive income for the year	(15.18)
Transfer to general reserve	(339.28)
Dividend	(499.45)
Dividend distribution tax	(104.51)
Transitional Prov (Ind AS -116)	(0.84)
Balance at the end of the year	10,873.41

Dividends:

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

(Amount in Lakhs)

Particulars	31 March 2020
INR 1 per equity share (31 March 2019: INR 0.80)	499.45
Dividend distribution tax (DDT) on dividend to equity shareholders	104.51
Total	603.96

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.

(Amount in Lakhs)

Particulars	31 March 2020
INR 0.20 per equity share (31 March 2019: INR 0.20)	99.89
Dividend distribution tax (DDT) on dividend to equity shareholders	20.90
Total	120.79

Notes to Consolidated Financial Statements for the period ended March 31, 2020**(Amount in Lakhs)**

11	Financial Liabilities	31 March 2020
11.1	Lease Liability	
	Non Current	
	Non Current lease liability	-
	Current	-
	Current lease liability	2.53
	The following is the movement in lease liabilities during the year ended March 31, 2020:	
	Particulars	-
	Balance at the beginning	-
	Additions	7.89
	Finance cost accrued during the period	0.73
	Deletions	-
	Payment of lease liabilities	6.09
	Translation Difference	2.53
	Balance at the end	
	The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:	
	Particulars	
	Less than one year	2.53
	One to five years	-
	More than five years	2.53
	Total	

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes to Consolidated Financial Statements for the period ended March 31, 2020

Borrowings

11.2 Non-current Borrowings

(Amount in Lakhs)

Particulars	As at 31 March 2020
Secured	
Term Loans	
From banks*	233.00
From others**	74.10
Unsecured	
From others**	2.11
Non-current Borrowings	309.21
Less: Current maturities of long-term debt	181.54
Total Non-current Borrowings	127.67

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

Notes to Consolidated Financial Statements for the period ended March 31, 2020**11.3 Current Borrowings****(Amount in Lakhs)**

Particulars	As at 31 March 2020
Loans repayable on demand	
Secured	
From banks	
Working capital loans	3,101.96
Total Current borrowings	3,101.96

(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 Specialty 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 Specialty Food Ingredients Ltd.
Term Deposits	Term Deposits	Vidhi Specialty Food Ingredients Ltd.

Notes to Consolidated Financial Statements for the period ended March 31, 2020**Stock & book Debts****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**11.4 Trade payables - from MSME****(Amount in Lakhs)**

Particulars	As at 31 March 2020
Current	
Trade Payables	218.96
Total Trade Payables - from MSME	218.96

11.5 Trade Payables - from other than MSME**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Current	
Trade Payables	1,572.24
Total trade payables - from other than MSME	1,572.24

Notes to Consolidated Financial Statements for the period ended March 31, 2020**11.6 Other financial liabilities (Amount in Lakhs)**

Particulars	As at 31 March 2020
Current	
Current maturities of long-term debt	181.54
Outstanding statutory liabilities	21.84
Unpaid dividend	27.08
Outstanding expenses	83.36
Other liabilities	2.01
Other Current Financial Liabilities	315.83

12 Current Provisions (Amount in Lakhs)

Particulars	As at 31 March 2020
Provision for bonus	13.02
Total Current Provisions	13.02

Non-current (Amount in Lakhs)

Particulars	As at 31 March 2020
Provision for gratuity	53.18
Total Non-Current Provisions	53.18

Notes to Consolidated Financial Statements for the period ended March 31, 2020**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 ₹ 11.16 Lacs (31 March 2019: ₹ 11.69 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	(Amount in Lakhs)
Particulars	As at 31 March 2020
Opening defined benefit obligation	64.04
Current service cost	3.87
Past service cost	-
Interest expense/(income)	4.87
Components of actuarial gain/losses on obligations:	
Due to change in financial assumptions	7.72
Due to change in demographic assumption	-
Due to experience adjustments	7.02
Benefit payments	-
Closing Defined Benefit Obligation	87.52

Plan Assets	(Amount in Lakhs)
Particulars	As at 31 March 2020
Opening value of plan assets	30.17
Interest expense/(income)	2.44
Return on plan assets, excluding amounts included in interest expense/(income)	(0.11)
Contributions by employer	1.82
Closing Value of Plan Assets	34.32

Notes to Consolidated Financial Statements for the period ended March 31, 2020

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

(Amount in Lakhs)

Particulars	As at 31 March 2020
Present value of funded obligations	87.51
Fair value of plan assets	34.32
Deficit of funded plan	53.19
Unfunded plans	-
Deficit of gratuity plan	-

Profit & Loss Expense

(Amount in Lakhs)

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:

Particulars	As at 31 March 2020
Current service cost	3.87
Past service cost	-
Admin expenses	-
Interest on net defined benefit liability/(asset)	2.43
(Gain) /Losses on settlement	-
Total Expenses charged to P&L A/c	6.30

The significant actuarial assumptions were as follows:

Particulars	31 March 2020
Discount rate (p.a.)	6.90%
Salary escalation rate (p.a.)	7.00%

Sensitivity Analysis:

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

Discount rate Sensitivity

Particulars	As at 31 March 2020
Increase by 0.5%	82.86
	-5.31%
Decrease by 0.5%	92.50
	5.71%

Notes to Consolidated Financial Statements for the period ended March 31, 2020

Salary growth rate Sensitivity

Particulars	As at 31 March 2020
Increase by 0.5%	91.53 4.59%
Decrease by 0.5%	83.72 -4.32%

13 Current Tax Liabilities (Amount in Lakhs)

Particulars	As at 31 March 2020
“Provision for tax [Net of Advance Tax of INR 1,100 Lacs (2019 - 1,125 Lacs)”	74.73
Total Current Tax Liability	74.73

14 Other current liabilities (Amount in Lakhs)

Particulars	As at 31 March 2020
Advance from customers	138.80
Other current liabilities	138.80

15 Revenue from Operations (Amount in Lakhs)

Particulars	Current Year 2019-20
Sale of products (including excise duty)	
Manufactured goods	18,229.84
Traded goods	3,115.37
	21,345.21
Other operating revenue	
Export incentive	476.18
Net gain on foreign currency transaction and translation	640.19
	1,116.37
Total revenue from continuing operations	22,461.58

Notes to Consolidated Financial Statements for the period ended March 31, 2020**16 Other Income****(Amount in Lakhs)**

Particulars	Current Year 2019-20
Interest received	48.46
Proceeds on maturity of keymen policy	18.33
Lifting charges	4.47
Interest on FV of rent deposit	1.96
Sundry balances written back	(8.75)
Total other income	64.47

17(a) Cost of materials consumed**(Amount in Lakhs)**

Particulars	Current Year 2019-20
(i) Opening Stock	
Raw materials and packing material	1,287.35
Stock in transit	25.29
(ii) Add: Purchases	
Raw materials	9,408.09
Packing material	306.41
Fuel	282.59
(iii) Less: Closing Stock	
Raw material and packing materials	996.55
Stock in transit	216.76
Add: Labour charges	533.83
Total	10,630.25

17(b) Purchase of stock in trade**(Amount in Lakhs)**

Particulars	Current Year 2019-20
Traded goods	2,703.56
Total	2,703.56

Notes to Consolidated Financial Statements for the period ended March 31, 2020**17(c) Changes in inventories of work-in-progress, stock-in-trade and finished goods (Amount in Lakhs)**

Particulars		Current Year 2019-20
(i) Manufactured finished goods		
Opening stock		814.30
Less: Closing stock		1,130.07
	(A)	(315.77)
(ii) Work-in-progress		
Opening stock		748.46
Less: Closing stock		603.08
	(B)	145.38
(iii) Traded goods		
Opening stock		652.67
Less: Closing stock		470.84
	(C)	181.83
Total	(A+B+C)	11.44

18 Employee benefit expense (Amount in Lakhs)

Particulars	Current Year 2019-20
Factory salaries and wages	244.39
Bonus	26.71
Remuneration & commission to Directors	409.42
Contribution to provident and other funds	10.40
ESIC	0.74
Staff welfare expenses	42.98
Total employee benefit expense	734.64

19 Finance cost (Amount in Lakhs)

Particulars	Current Year 2019-20
Interest on long term borrowings	16.62
Interest on short term borrowings	27.13
Interest on bill discounting and PCL	173.47
Interest Expense - IndAs116	0.72
Bank processing charges	64.04
Loan processing charges	11.74
Total finance cost	293.72

Notes to Consolidated Financial Statements for the period ended March 31, 2020**20 Depreciation and amortisation expense****(Amount in Lakhs)**

Particulars	Current Year 2019-20
Depreciation on property, plant and equipment	283.38
Amortisation of lease assets	2.43
Amortisation of intangible assets	12.01
Total Depreciation and Amortisation Expense	297.82

21 Other expenses**(Amount in Lakhs)**

Particulars		Current Year 2019-20
a) Manufacturing and operating expenses		
Factory salaries and wages		39.50
Clearing and forwarding		89.37
Conveyance		0.58
Effluent treatment charges		23.64
Freight and octroi charges		154.19
Insurance charges		14.00
Loading and unloading charges		4.09
Power charges		606.27
Professional and consultancy fees		2.70
Repairs and maintenance:		
- Buildings		24.92
- Plant and machinery		473.12
- Others		149.42
Stores and spares consumed		219.66
Warehousing charges		25.27
Import charges		28.84
Miscellaneous manufacturing and operating expenses		88.60
Commission on Purchase		6.09
	(A)	1,950.26
b) Administrative expenses		
Agency charges		23.57
Keyman insurance premium		14.05
Printing and stationery		34.85
Payments to Auditors (refer note 21.1)		9.25
Communication expenses		6.55
Electricity expenses		6.76
Rent		2.89

Notes to Consolidated Financial Statements for the period ended March 31, 2020**(Amount in Lakhs)**

Rates & taxes		33.52
Professional and consultancy charges		85.81
Donation		4.56
Listing fees		7.02
Travelling charges		16.84
Commission		90.00
Director sitting fees		1.50
Interest on others		7.39
Corporate social responsibility (refer note 21.2)		61.00
Miscellaneous administrative expenses		95.91
	(B)	501.47
c) Selling and distribution expenses		
Advertisement		7.73
Allowance for doubtful debts and advances		55.00
Business promotion		56.98
Clearing and forwarding(S)		6.15
Commission expenses		22.23
E. C. G. C. premium		10.56
Exhibition and trade fair expenses		39.80
Foreign travelling expenses		25.35
ISI / FDA marketing fees		155.58
Insurance		2.50
Freight and octroi charges		392.82
Terminal handling charges		80.03
Packing and forwarding		30.61
Miscellaneous distribution and selling expenses		0.28
	(C)	885.62
Total other expenses		3,337.35

21.1 Details of payment to auditors

(Amount in Lakhs)

Particulars	Current Year 2019-20
Payment to auditors	
As Auditor:	
Statutory audit fees	9.25
Total payments to auditors	9.25

Notes to Consolidated Financial Statements for the period ended March 31, 2020

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 Rs.59.26 Lacs and actually spent by the Company during the year is Rs.61.00 Lacs, the details of which is as given below:

Particulars	(Amount in Lakhs)
	Current Year 2019-20
For Educational activity for the benefit of the student	61.00
Total corporate social responsibility expenditure	61.00

22 Income Tax Expense

Particulars	(Amount in Lakhs)
	Current Year 2019-20
Income tax expense	
Current tax:	
Current tax on profits for the year	1,172.00
Adjustments for current tax of prior periods	
Total current tax expense	1,172.00
Deferred tax:	
Deferred tax expense/(income)	(46.87)
Total deferred tax expense/(income)	(46.87)
Income tax expense	1,125.13
Income tax expense is attributable to:	
Profit from continuing operations	1,125.13
Profit from discontinued operation	-

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

Particulars	(Amount in Lakhs)
	Current Year 2019-20
Profit from continuing operations before Income tax expense	4,517.27
Profit from discontinuing operations before Income tax expense	-
	4,517.27
Tax at the Indian Tax Rate of 25.17%	1,136.91
Non-deductible tax expenses / disallowances under Income Tax Act	18.99
Tax-exempt income and deductions under Chapter VI A of Income Tax Act	(7.71)
Temporary difference recognised in deferred taxes	14.21
Others	9.60
Amounts recognised in other comprehensive income	
Income tax expense	1,172.00

Notes to Financial Statements for the year ended 31 March 2020**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.

(Amount in Lakhs)

Particulars	As at 31 March 2020							
	Fair value				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amor-tised cost	Total	Level 1	Level 2	Level 3	Total
Current Financial assets								
Trade receivables	-	-	7,702.14	7,702.14	-	-	7,702.14	7,702.14
Cash and cash equivalents	-	-	714.55	714.55	-	-	714.55	714.55
Bank balances other than cash and cash equivalents	-	-	771.07	771.07	-	-	771.07	771.07
Current loans	-	-	37.28	37.28	-	-	37.28	37.28
Other current financial assets	-	-	73.16	73.16	-	-	73.16	73.16
- Rent deposits	15.30	-	-	15.30	-	-	15.30	15.30
	15.30	-	9,298.20	9,313.50	-	-	9,313.50	9,313.50
Non Current Financial liabilities								
Borrowings	-	-	127.67	127.67	-	-	127.67	127.67
Current Financial liabilities								
Lease Liability			2.53	2.53	-	-	2.53	2.53
Borrowings	-	-	3,101.96	3,101.96	-	-	3,101.96	3,101.96
Trade payables - MSME	-	-	218.96	218.96	-	-	218.96	218.96
Trade payables - other than MSME	-	-	1,572.24	1,572.24	-	-	1,572.24	1,572.24
Other current financial liabilities	-	-	315.83	315.83	-	-	315.83	315.83
	-	-	5,339.19	5,339.19	-	-	5,339.19	5,339.19

B. Fair value heirarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 heirarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Notes to Consolidated Financial Statements for the period ended March 31, 2020**Notes to Financial Statements for the year ended 31 March 2020****(Amount in Lakhs)****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, 2020 is as below:

March 31, 2020	USD	INR	EUR	INR	AED	INR
Financial assets (A)						
Trade and other receivables	64.54	4,789.39	6.43	533.05		
Advance given to suppliers	3.11	224.08				
Financial liabilities (B)						
Trade and other payables	4.20	312.96		-	2.62	48.99
Net exposure (A - B)	63.45	4,700.51	6.43	533.05	(2.62)	(48.99)

The following significant exchange rates have been applied in respective year:

Particulars	Exchange rate as on 31-Mar-20
USD	75.39
EUR	83.05
AED	20.44
GBP	93.08

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currencies at March 31 2020 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.

Notes to Consolidated Financial Statements for the period ended March 31, 2020

Trade Receivable & advance given to suppliers

Effect in INR	March 31, 2020	
	3% decrease	3% Increase
3% movement		
USD	(143.68)	143.68
EUR	(15.99)	1.47
AED	(1.47)	1.47

Trade Payables

Effect in INR	March 31, 2020	
	3% Increase	3% decrease
3% movement		
USD	(9.39)	9.39

Note 24: Financial Risk Management

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 uses an allowance matrix to measure the expected credit losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(Amount 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	550.00	10.00%	55.00	495.00
	550.00	10.00%	55.00	495.00

Note - Expected credit loss is worked out on the trade receivable for which no specific provision is made.

Notes to Consolidated Financial Statements for the period ended March 31, 2020**b. Cash and cash equivalents and Other bank balances**

The Company held cash and cash equivalents and other bank balances of Rs 1485.62 lakhs at March 31, 2020. The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

c. Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(Amount in Lakhs)

Exposure to Credit Risk	31-Mar-20
Financial risk for which loss allowance is measured using 12 months expected Credit Losses (ECL)	
Loans	37.28
Cash & cash equivalent	1,485.62
Trade receivables	7,207.14
Financial risk for which loss allowance is measured using Lifetime expected Credit Losses (ECL)	
Trade receivables	495.00
Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.	

Note 24: Financial Risk Management**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

(Amount in Lakhs)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
As on 31.03.2020				
Current borrowings	3,101.96	-	-	3,101.96
Trade payables	1,791.20	-	-	1,791.20
Other financial liabilities	315.83	-	-	315.83
Term loans- from banks	-	127.67	-	127.67

Notes to Consolidated Financial Statements for the period ended March 31, 2020**Maturity profile of financial assets**

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

(Amount in Lakhs)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
As on 31.03.2020				
Trade receivables	7,702.14	-	-	7,702.14
Current loans	37.28	-	-	37.28
Other current financial assets	4.27	1.46	82.73	88.46

D. Interest Rate Risk**I. Interest rate risk exposure****Amount (in Lakhs)**

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	31st March 2020		
	Weighted average Interest rate	Balance	% of Total Loans
Bank Overdrafts , Bank Loan	9.85	71.94	100

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.

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**Amount (in Lakhs)**

Particulars	Impact on Profit after tax
	31-Mar-20
Interest rate - Increase by 100 Basis Points	12.97
Interest rate - Decrease by 100 Basis Points	(12.97)

Notes to Financial Statements for the year ended 31 March 2020**Note 25: Assets Pledged/ Mortgaged/Hypothecated as security****(Amount in Lakhs)**

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

Particulars	As on 31 March 2020
Current Financial Assets	
First Charge	
Book debts	7,702.14
Stock of raw material	941.69
Stock of work in progress	603.08
Stock of finished goods	1,130.07
Stock of traded goods	470.85
Stock of packaging material	54.86
Stock in transit (RM)	216.74
Total current assets mortgaged/hypothecated as security	11,119.43
Non-current	
First Charge	
Freehold land	3.75
Leasehold land	328.80
Factory building	883.32
Administrative building	12.31
Furniture and fixtures	0.06
Office premises	238.89
Office equipments	2.30
Plant & machinery	1,619.48
Electrical installation	59.47
Total non-current assets mortgaged/hypothecated as security	3,148.38
Total assets mortgaged/hypothecated as security	14,267.81

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.

(Amount in Lakhs)

Particulars	Current Year 2019-20
Net debt	3,411.17
Total equity plus debt	16,283.32
Net Debt to Equity Ratio	20.95%

Notes to Financial Statements for the year ended 31 March 2020

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	Wholly Owned Subsidiary
Trident Colours & Chemicals	Enterprises in which relative of KMP is a Proprietor
Vibgyor Exports	Enterprises in which director is a Proprietor
Bipin M. Manek	Key Mangement Personnel - Executive Director
Mihir B. Manek	Key Mangement Personnel - Executive Director
Pravina B. Manek	Key Mangement Personnel - Non Executive Director
Vijay K. Atre	Key Mangement Personnel - Non Executive Director
Rahul Berde	Key Mangement Personnel - Independent Director
Niren Desai	Key Mangement Personnel - Independent Director
Prafulchandra Shah	Key Mangement Personnel - Independent Director
Ashit Doshi	Key Mangement Personnel - Independent Director (W.e.f. 20th June 2019)
Jyoti Modi	Key Mangement Personnel - Independent Director (W.e.f. March 19, 2020)
Mitesh Manek	Chief Financial Officer
Sherry Jain	Company Secretary (till 11th January, 2020)
Awdhesh Kumar Pandey	Company Secretary (w.e.f 11th February, 2020)

b) Key management personnel compensation

(Amount in Lakhs)

Particulars	Current Year 2019-20
Short term employee benefits - Directors	409.42
Short term employee benefits - CFO & CS	21.80

c) Transactions with related parties

(Amount in Lakhs)

Particulars	Current Year 2019-20
Pravina B. Manek - Bank Guarantee Commission	45.00
Bipin M. Manek - Bank Guarantee Commission	45.00
Trident Colours and chemicals	106.04
Sales to Trident Colours	-
High Seas Purchase from Trident Colours	106.04
Vibgyor Exports	357.31
Sales made during the year	420.41
Sales return during the year	(63.10)

Notes to Financial Statements for the year ended 31 March 2020**(Amount in Lakhs)**

Director's Sitting Fees	Current Year 2019-20
Rahul Berde	0.33
Niren Desai	0.43
Pratulchandra Shah	0.43
Ashit Kantilal Doshi	0.33

(Amount in Lakhs)

Loan Taken During the Year	Current Year 2019-20
Mihir Manek	0.02

(Amount in Lakhs)

Loan Repaid During the Year	Current Year 2019-20
Bipin M. Manek	431.16
Kripa Manek	0.19
Mitesh Manek	1.00
Pravina B Manek	87.96
Vidhi Manek	0.19

d) Balances with the parties outstanding**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Pravina B. Manek - Security Deposit	7.65
Trident Colours and chemicals	292.99
Mihir B. Manek	2.08
Rahul Berde	0.11
Vibgyor Exports	146.44

28 Contingent liabilities**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Central Sales Tax (FY 2005 - 2006)	8.68
Central Sales Tax (FY 2013 - 2014)	3.59
Maharashtra VAT (FY 2013 - 2014)	0.37
Maharashtra VAT (FY 2012 - 2013)	2.88

Notes to Financial Statements for the year ended 31 March 2020**29 Earnings per share****(Amount in Lakhs)**

Particulars	As at 31 March 2020
a) Basic earnings per share	
From continuing operations attributable to the equity share holders of the company	6.79
b) Diluted earnings per share	
From continuing operations attributable to the equity share holders of the company	6.79

c) Reconciliation of earning used in calculation earnings per share**(Amount in Lakhs)**

Particulars	As at 31 March 2020
Profit after tax attributable to equity shareholders	3,392.14

(d) Weighted average number of shares used as the denominator**(Amount in Lakhs)**

Particulars	As at 31 March 2020
	Number of shares (in Lakhs)
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	499.45

Notes to Financial Statements for the year ended 31 March 2020

(Amount in Lakhs)

Note No 30 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.

Non Cancellable Operating Leases:

Particulars	31-Mar-20
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Within 1 year	1.87
Later than 1 year but not later than 5 years	-
Later than 5 years	-
	1.87
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-Mar-20
Minimum lease payments	6.88
Total Rental expense relating to operating leases	6.88

31 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 States and others.

Geographical Segment	Composition
Domestic	All over India
Exports	Australasia, Americas, 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:

(Amount in Lakhs)

Particulars	2019-20		
	Within India	Outside India	Total
Revenue			
Sales to external customers	4,256.34	17,088.87	21,345.21
Other segment information			
<u>Segment Assets</u>	13,153.73	5,546.52	18,700.25
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	1,259.21	-	1,259.21

- 32** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Parent Company temporarily suspended the operations in all its manufacturing units in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Parent Company by way of interruption in production, product supply, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period. The Management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
- 33** The Company has completed the acquisition of Arjun Food Colorants Manufacturing Private Limited as on 22 April, 2019. In view of it, Arjun Food Colorants Manufacturing Private Limited has now become the Wholly Owned Subsidiary of Vidhi Specialty Food Ingredients Limited. Hence, the consolidated figure for year ended 31 March 2019 is not given.

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

CA. Nikesh Jain

Partner

Membership No: 114003

Mumbai, June 25, 2020

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

Bipin M. Manek

Chairman & Managing Director

DIN: 00416441

Mitesh D. Manek

Chief Financial Officer

Mumbai, June 25, 2020

Mihir B. Manek

Joint Managing Director

DIN: 00650613

Awdhesh Kumar Pandey

Company Secretary

A Truly Global Foot Print



95.20% of all colours manufactured by VSFIL 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 Nethelands		
URUGUAY	Turkey		
Venezuela	Ukraine		
	UK		



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