



**Vivid Chemicals Ltd.**

12th  
ANNUAL REPORT  
1998 -99

**VIVID CHEMICALS LIMITED****BOARD OF DIRECTORS**

<b>SHRI SUDHIR M MODY</b>	<b>CHAIRMAN &amp; MANAGING DIRECTOR</b>
<b>DR. ASHOK K GANDHI</b>	<b>VICE CHAIRMAN</b>
<b>SHRI SUMISH S MODY</b>	<b>WHOLETIME DIRECTOR</b>
<b>SHRI MITEN S MODY</b>	<b>WHOLETIME DIRECTOR</b>
<b>DR (MS.) KALA S PANT</b>	<b>DIRECTOR</b>
<b>SHRI RAMESH R DESAI</b>	<b>DIRECTOR</b>
<b>DR. UMESH S KULKARNI</b>	<b>DIRECTOR</b>

**MANAGER (FINANCE)**

SHRI DHARMENDRA S KOTHARI

**BANKERS:**BANK OF BARODA  
RECLAMATION BRANCH, MUMBAI.**AUDITORS:**M/S. SUDIT K PAREKH & CO.  
12-A SULEMAN CHAMBERS  
2ND FLOOR, 4 BATTERY STREET  
APOLLO BUNDER  
MUMBAI 400 038.**REGISTERED OFFICE:**D-21/1 MIDC TARAPUR 401 506  
VIA BOISAR, DIST. THANE.**ADMINISTRATION OFFICE:**1-D DHANNUR BUILDING  
SIR P M ROAD, FORT,  
MUMBAI 400001.**REGISTRARS & SHARE TRANSFER AGENTS:**SEAHORSE CORPORATE SERVICES PVT.LTD.  
MANDREKAR BUILDING, B-WING,  
3rd FLOOR, SIR. P.M. ROAD,  
VILE PARLE (E),  
MUMBAI - 400 057.



## N O T I C E

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of Vivid Chemicals Limited, will be held at D-21/1, M.I.D.C, Tarapur, Via Boisar, Dist. Thane on 30th September, 1999 at 11.00 a.m. to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. Ashok K. Gandhi, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Ramesh R. Desai, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Auditors and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s), if any, already created, in such form and manner and with such ranking and at such time and on such terms and conditions as the Board may determine on the moveable and immovable properties and assets of the Company both present and future and/or the whole or any part of the undertaking(s) of the Company together with power, inter alia, to take over and sell charged assets of the Company in certain events of defaults, in favour of the financial institutions/banks/other lenders to secure repayment of term loans/financial assistance obtained/to be obtained to meet the capital expenditure for modernisation and/or expansion programme of the Company or for Working Capital needs of the Company upto an amount not exceeding Rs.50 crores at any time together with the interest thereon, compound/ additional interest, commitment charges, cost charges, expenses and all other money payable to financial institutions/ banks/other lenders and incurred in accordance with the terms and conditions of the term loans/financial assistance availed by the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary and/or alter the terms and conditions of the security aforesaid in consultation with the financial institutions/banks/other lenders and mortgages as may be necessary ;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

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

**"RESOLVED THAT** pursuant to the provisions of Section 293(1)(d) and other applicable provisions of the Companies Act, 1956 and other applicable provisions, if any, of the Memorandum and Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of money which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the sum of Rs.50 Crores (Rupees Fifty Crores);

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 372A of the Companies Act, 1956 and other applicable provisions, if any, and subject to the requisite approvals and consents, if any, of the Government of India, Reserve Bank of India and all other appropriate authorities and institutions and subject to such terms and conditions as may be imposed, prescribed or suggested by them in granting any such approval or consent, the approval of the Company be and is hereby accorded to the Board of Directors for -

- making any loans to any other body corporate;
- giving any guarantee or provide any security, in connection with a loan made by any other person to or to any other person by, any body corporate; and
- acquiring, by way of subscription, purchase or otherwise the securities of any other body corporate, any sum or sums of money which together with the aggregate of the loans and investment so far made, the amounts for which guarantee or security so far provided to or in all other bodies corporate, will exceed sixty percent of the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, or hundred percent of its free reserves whichever is higher provided however, that the total amount so invested or amount for which guarantee or security so far provided to or in all other bodies corporate, shall not exceed the sum of Rs.15 Crores (Rupees Fifteen Crores)."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 163 the Companies Act, 1956 and other applicable provisions, if any, the registers, Index, returns and copies and certificates and documents or any or more of them in respect of the members of the company be kept at 1-D Dhanur Building, Sir P. M. Road, Fort, Mumbai 400 001 from 1st November, 1999 instead of at the office of M/s. Seahorse Corporate Services Pvt. Ltd., at Mandrekar building, B-Wing, 3rd Floor, Sir P. M. Road, Vile Parle (E), Mumbai - 400 057 the Company's Transfer Agents whose services is to be terminated with effect from 1st November, 1999.

**Registered Office:**

D-21/1 M.I.D.C  
Tarapur, Via Boisar  
Dist Thane.

**By Order of the Board of Directors**

MUMBAI

DATED : 31st July, 1999

**SUDHIR M MODY**  
**CHAIRMAN & MANAGING DIRECTOR**

**NOTES:**

- Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item nos. 5 to 8 of the Notice set out above is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- The Register of Members and Shares Transfer Books of the Company will remain close from 14th September, 1999 to 18th September, 1999 both days inclusive.
- Members desiring to seek further information or clarifications on the Annual Accounts or Operations of the Company at the meeting are requested to send their queries to the Wholtime Director, Mr. Sumish S Mody so as to reach the Registered Office atleast 10 days in advance of the date of meeting to enable the management to keep the information ready.
- Members are requested to bring their copy of the Annual Report to the meeting.
- Members are requested to notify immediately any change in their address to the Companies Registrar and Share Transfer Agents M/s. Seahorse Corporate Services Pvt.Ltd.

**EXPLANATORY STATEMENT**

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item nos. 5 to 8





#### Item No.5 and 6

The Company, in view of the present market conditions and to take advantages of available opportunities, may need to embark upon modernisation and expansion of its manufacturing facilities and also diversification for introduction of other products. To enable the Company to do so it may take financial assistance by way of term loans or working capital facilities aggregating but not exceeding Rs.50 crores from various banks and financial institutions.

Usually one of the terms for extending financial assistance, the Financial Institutions or Banks, will as a security for due repayment by the Company to such Financial Institutions or Banks the moneys so borrowed, insist for creation of charge on the Company's existing/future immovable properties and fixed assets.

Pursuant to the provisions of Section 293 of the Companies Act, 1956 a Company shall not except with the consent of the shareholders in a general meeting, sell, lease or otherwise dispose of whole or substantially whole of the undertaking or borrow monies in excess of the limits specified in the said Section.

Accordingly resolution at Item No. 5 of the accompanying Notice seeks shareholder's approval for creation of mortgage(s) and charge(s) in favour of lenders and secure repayment of term loans and other borrowings. The resolution at item no.6 would enable the Company to borrow from time to time any sum of money which together with the monies already borrowed shall not at any time exceed the sum of Rs.50 crores.

Your Board recommends passing of the resolution set out in the item nos. 5 and 6 of the accompanying notice.

None of the Directors may be considered to be concerned or interested in the aforesaid resolutions.

#### Item no.7

The Companies (Amendments) Ordinance, 1999 has inserted a new section viz. 372A which provides for the limits and procedure in respect of Company's investments in and providing of loans and/or securities or guarantees to other bodies corporate.

The resolution at item no. 7 of the Notice authorises the Board of Directors to -

- a. make any loan to any other bodies corporate, give any guarantee or provide any security in connection with a loan made by any other person to or to any other person by any bodies corporate and;
- b. acquire, by way of subscription, purchase or otherwise the securities of any other bodies corporate;

upto such sum or sums of money which may exceed the limits specified in the aforesaid Section 372A of the Companies Act, 1956 but shall not exceed Rs.15 crores in aggregate at any given point of time.

The Board recommends passing of the resolution set out in the item no.7 of the accompanying notice.

None of the Directors may be considered to be concerned or interested in the resolution.

#### Item no.8

Consequent upon the proposed termination of the contract with the Company's Share Transfer Agents M/s. Seahorse Corporate Services Pvt. Ltd., the statutory registers in respect of the members of the company and other related records such as transfer forms, returns, and other correspondence as required to be kept by the Company pursuant to provisions of the Companies Act, 1956 be kept at 1-D Dhanur Building, Sir P. M. Road, Fort, Mumbai - 400 001.

Pursuant to provisions of Section 163 of the Companies Act, 1956 a Special Resolution is required to be passed by the Company in general meeting for change in place of keeping and inspection of registers and returns and hence the Board recommends the passing of the resolution at item no.8 of the accompanying notice.

None of the Directors may be considered to be concerned or interested in the resolution.

#### Registered Office:

D-21/1 M.I.D.C.  
Tarapur Via Boisar  
Dist. Thane

MUMBAI

DATED : 31st July, 1999.

By Order of the Board of Directors

**SUDHIR M MODY**  
**CHAIRMAN & MANAGING DIRECTOR**

**DIRECTORS' REPORT**

To

The Members

Your Directors are pleased to present the Twelfth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 1999.

**FINANCIAL RESULTS:**

	<u>31st March 1999</u>	<u>(Rupees in lacs)</u> <u>31st March 1998</u>
Net Sales/Income from Operations	1107.70	1449.47
(excluding Excise & Sales Tax)		
Gross Profit/(Loss) before Depreciation & Tax	(65.93)	45.86
Depreciation	(31.40)	(29.83)
Net Profit before Tax	(97.33)	16.03
Provision for taxation	-	0.26
Net Profit after taxation	(97.33)	15.77
Balance in Profit/Loss a/c B/F	63.55	61.36
Balance being disposable Profit/(Loss) for the year	(33.78)	77.13
Adjustment pertaining to earlier year	(3.18)	(13.58)
Balance being disposable Profit/(Loss)	(36.96)	63.55
Appropriation recommended by the Directors		
Proposed Dividend subject to Deduction of Tax at Source -	-	-
Transfer to General Reserve	-	-
Balance Carried to the Balance Sheet	(36.96)	63.55
	<u>(36.96)</u>	<u>63.55</u>

**OPERATIONS:**

The depressed market conditions and availability of cheap imported products continued to affect the operations of the Company in the year under review. The increased cost of manufacturing and finance have further contributed to the difficulties of the Company. The turnover of the company was Rs.10.58 crores as against Rs.13.61 crores in previous year, whereas the net loss after adjustment pertaining to earlier years stood at Rs.100.52 lacs as against net profit after taxation and adjustment pertaining to earlier years of Rs.2.19 lacs in the previous year.

**DIVIDEND:**

Your Directors have decided not to recommend any dividend in view of the adverse financial position of the Company.

**CURRENT YEAR'S PERFORMANCE:**

Your Directors are hopeful of improving the performance of the Company in the current year by curtailing the cost of manufacturing, concentrating on the products with relatively high margin of profits and judicious fund management. Further, your Directors are reviewing introduction of new products which can easily be produced with the existing manufacturing facilities and which can result in high capacity utilisation and better returns. With the above efforts, your Directors are optimistic about the performance of the Company for the current financial year.

**DIRECTORS:**

Dr. Ashok K. Gandhi and Mr. Ramesh R. Desai retires by rotation and being eligible, offers themselves for reappointment.

**DEPOSITS:**

The Company has not accepted any deposits which attract the provisions of Section 58A of the Companies Act, 1956.

**AUDITORS:**

The Auditors Messrs Sudit K Parekh & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**PARTICULARS OF EMPLOYEES:**

No employees of the Company draws remuneration more than the limits prescribed under Section 217(2A) of the Companies Act, 1956.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Information in accordance with the Provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure 'A' to the Report.

**RESEARCH AND DEVELOPMENT**

The research and development activities carried out by the Company has resulted in lower consumption of raw material. The total expenditure incurred by the Company on research and developmental activities during the year under review was Rs. 58,200/-.

**INDUSTRIAL RELATIONS:**

Your Directors are pleased to inform that during the year under review the Industrial Relations generally remained peaceful and cordial at all levels.

**Y2K (Year 2000):**

The Management of the Company has taken suitable and sufficient steps to make the current computers and systems Y2K compliant. The modifications if any, required in the programmes can be made without incurring significant expenditure.

**ACKNOWLEDGEMENTS:**

Your Board of Directors would like to place on record its sincere appreciation for the whole hearted support and contributions made by the Company's Banker via. Bank of Baroda and also IDBI and ICICI, Suppliers and other Business Associates towards the conduct of the operations of the Company particularly when the Company is passing through a very difficult time.

By Order of the Board of Directors

**Registered Office:**

D-21/1 M.I.D.C. Tarapur 401506

Via Boisar, Dist. Thane.

MUMBAI :

Dated : 31st July, 1999.

**SUDHIR M MODY**  
**CHAIRMAN & MANAGING DIRECTOR**