

**16th**  
**ANNUAL REPORT**  
**2002 - 2003**



**Vivid Chemicals Ltd.**



**SHRI SUDHIR M MODY**  
**SHRI SUMISH S MODY**  
**SHRI. MITEN S MODY**  
**DR. UMESH S KULKARNI**  
**SHRI RAGHUNATH SHEDGE**

**CHAIRMAN**  
**WHOLETIME DIRECTOR**  
**DIRECTOR**  
**DIRECTOR**  
**DIRECTOR**

**BANKERS :**

BANK OF BARODA  
BACKBAY RECLAMATION BRANCH  
MUMBAI 400 020.

**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.

**ADMINISTRATIVE OFFICE :**

1-D DHANNUR BUILDING  
SIR P M ROAD, FORT,  
MUMBAI 400001.

**REGISTRARS & SHARE TRANSFER AGENTS :**

**REGD. OFFICE :**

**SHAREPRO SERVICES**

SATAM ESTATE, 3RD FLOOR,  
ABOVE BANK OF BARODA,  
CARDINAL GRACIOUS ROAD, CHAKALA,  
ANDHERI (E), MUMBAI-400 099.

**INVESTOR RELATION CENTRE :**

912, RAHEJA CENTRE,  
FREE PRESS JOURNAL ROAD,  
NARIMAN POINT, MUMBAI-400 021.

**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Vivid Chemicals Limited, will be held at Plot No. D-3 M.I.D.C., Tarapur, Via Boisar, Dist. Thane on 30<sup>th</sup> September, 2003 at 11 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2003 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 Mr. Miten S. Mody, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and fix remuneration.

**SPECIAL BUSINESS:**

4. To Consider and, if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:  
 "RESOLVED THAT Mr. Raghunath Shedge who was appointed as Director in the casual vacancy caused due to the resignation of Mr. Ramesh Desai, at the meeting of the Board of Directors held on 31<sup>st</sup> July, 2002 and who holds office as such upto the date of this Annual General Meeting being the date upto which Mr. Ramesh Desai would have held office and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Raghunath Shedge as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To Consider and, if thought fit to pass, with or without modification, the following Resolution as an Special Resolution:  
 "RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) including any statutory modification or any amendment or any substitution or re-enactment thereof for the time being in force and in super session of the special resolution passed in the Twelfth Annual General Meeting of the Company held on 30<sup>th</sup> September, 1999, the Company hereby approves that the Register of Members, the Index of Members, copies of all Annual Returns prepared under Section 159 of the Act together with copies of certificates and documents required to be annexed thereto under Section 161 of the Act, or any one or more of them be kept at Sharepro Services, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai 400 099.

RESOLVED FURTHER that the Registers, indexes, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any specified in the Act between the hours 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Act or the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient to give effect to this resolution."

For and on behalf of the Board of Director

**SUDHIR M. MODY**  
CHAIRMAN

**REGISTERED OFFICE:**

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

Dated : 30<sup>th</sup> June, 2003.  
Place : Mumbai

**Vivid Chemicals Limited****NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the share transfer books will remain closed from 26<sup>th</sup> September, to 30<sup>th</sup> September, 2003 both days inclusive.
3. 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 so as to reach the Registered Office at least 10 days in advance of the date of meeting to enable the management to keep the information ready.
4. Members are requested to bring their copies of Annual Report and Account to the Meeting.
5. Members are requested to notify immediately any change in their address to the Companies Registrar and Share Transfer Agents M/s Sharepro Services at Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai 400 099 or at 912 Raheja Centre, Free Press Journal Marg, Nariman Point Mumbai 400 021.

**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. Raghunath Shedge was appointed as Director of the Company with effect from 31<sup>st</sup> July, 2002, in the casual vacancy caused by the resignation of Mr. Ramesh Desai. By virtue of the provisions of Section 262 of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Raghunath Shedge would hold office only upto the date of the ensuing Annual General Meeting being the date upto which Mr. Ramesh Desai would have held office.

The Company has received notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Raghunath Shedge as candidate for the office of Director of the Company.

Mr. Raghunath Shedge has been associated with the Company since the past twenty years and his vast experience and expertise have proved very useful to the Company.

Your Directors commend the resolution at item No. 4 of the Notice for your approval.

Mr. Raghunath Shedge is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is concerned or interested in the said resolution.

**ITEM NO. 5**

Attention of the members is invited to Circular No. 5 dated 27<sup>th</sup> December, 2002 issued by the Securities and Exchange Board of India, which mandated the appointment of common agency for share registry work and, inter alia, stated that "all work related to share registry in terms of both physical and electronic should be maintained at a single point i.e. either in-house by the Company or by SEBI registered R & T Agent".

In view of the above circular, the Board of Directors of the Company at its meeting held on 31<sup>st</sup> July, 2003 approved, the appointment of Sharepro Services, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai 400 099 as the Registrar and Share Transfer Agent of the Company for a period of two years commencing from 1<sup>st</sup> October, 2003.

In view of the above it is now necessary to seek your approval, in supersession of the approval of the shareholders of the Company by a special resolution passed in the Twelfth Annual General Meeting of the Company held on 30<sup>th</sup> September, 1999, for the maintenance of records of the Company as specified in Item No. 5 of the Notice.

Under Section the provisions of the Companies Act, 1956 the Company in General Meeting is entitled to impose reasonable restrictions on keeping the certificates, registers, books and documents open for inspection by the persons entitled thereto but so that not less than 2 hours on each working day is allowed for inspection. Accordingly, it is proposed to determine the period during which inspection would be undertaken by persons entitled thereto. The hours of inspection sought to be prescribed by the said resolution are part of the usual business hours and are reasonable and convenient.

None of the Directors is interested in the resolution.

For and on behalf of the Board of Director

**SUDHIR M. MODY**  
CHAIRMAN

**REGISTERED OFFICE:**

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

Dated : 30<sup>th</sup> June, 2003.

Place : Mumbai

## DIRECTORS' REPORT

To,  
The Members

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2003.

**FINANCIAL RESULTS**

	31 <sup>st</sup> March, 2003	(Rupee in lacs) 31 <sup>st</sup> March, 2002
Sales/Income from Operations	943.50	1079.52
Gross Profit/(Loss) before Depreciation & Tax	48.87	(12.32)
Depreciation	33.24	33.23
Net Profit/(Loss) before Tax	15.63	(45.55)
Provision for taxation	—	—
Extra Ordinary items	5.62	—
Net Profit after Taxation	10.00	(45.55)
Balance of Profit / (Loss) brought forward	(78.66)	(29.34)
	=====	=====
Balance Carried to Balance Sheet	(68.65)	(78.66)

**OPERATIONS :**

During the year under review the Company has recorded a Net Profit of Rs. 15.63 Lacs as compared to a loss of Rs. 45.55 Lacs for the previous year. In view of closure of the plant at Tarapur the processing of other related dye intermediates and dyes has been revived by the management at other places. The product range is now stabilized. Your Directors are also pleased to report that the market is slowly picking up and the Company has sizeable orders both in the local market and also for exports. Barring unforeseen circumstances your Directors are optimistic about the coming year.

**DIVIDEND :**

In view of the adverse financial position of the Company your Directors do not recommend any dividend.

**DIRECTORATE :**

Mr. Ramesh Desai resigned as Director of the Company on 31<sup>st</sup> July 2002. The Board places on record its appreciation of the valuable contribution made by him during his tenure as Director of the Company.

Mr. Raghunath Shedge was appointed in the casual vacancy caused by the resignation of Mr. Ramesh Desai. In terms of Section 262 of the Companies Act, 1956 Mr. Shedge's term of office expires on the date of the forthcoming Annual General Meeting and he is eligible for re-appointment.

Mr. Miten Mody retires by rotation and being eligible offers himself for re-appointment

**FIXED DEPOSIT :**

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

**AUDITORS :**

M/s Sudit K Parekh & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

**PARTICULARS OF EMPLOYEES :**

None of the employees of the Company draws remuneration more than the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & Loss of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and detecting fraud and other irregularities to the best of their knowledge and ability.
- The Directors have prepared the annual accounts on a "going concern basis".

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 to the listing Agreement the mandatory requirements relating to Corporate Governance are applicable to the Company from the current financial year. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of the aforesaid clause 49 are complied with. The report on Corporate Governance alongwith a Certificate of compliance from the Auditors and the Management Discussion and



**Vivid Chemicals Limited**

Analysis Report forms part of this Report.

**INDUSTRIAL RELATIONS :**

The relations with the employees have remained cordial.

**ACKNOWLEDGEMENTS :**

Your Board of directors would like to place on record its sincere appreciation for the whole hearted support and contributions made by Auditors, Banks, Financial Institutions, Suppliers and other Business Associates towards the conduct of the operations of the Company.

For and on behalf of the Board of Director

**SUDHIR M. MODY**  
CHAIRMAN

**REGISTERED OFFICE :**

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

Dated : 30<sup>th</sup> June, 2003.

Place : Mumbai

**INFORMATION AS PER SECTION 217 (1)(E) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENED 31<sup>ST</sup> MARCH, 2003**

**A) CONSERVATION OF ENERGY :**

- a. With the closure of the Company's manufacturing operation there does not involve substantial energy consumption. However, the Company has taken steps to improve energy utilization wherever possible.
- b. ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDCUTION OF COUSUMPTION OF ENERGY.  
No additional investments made during the year.
- c. IMPACT OF THE ABOVE MEASURES : NIL
- d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION.  
"Form - A" not applicable.

**B). TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- a. Currently there is nothing to report on the subject as Company has closed its manufacturing activities.
- b. Imported Technology :  
No. technology was imported by the company during the year under review .

**c). FOREIGN EXCHANGE EARNINGS AND OUTGO :-**

- (a) activities relating to export, initiative taken to increase exports, development of new export markets for products and service and export plant:  
During the current year the Company has exported it products to Far East Countries. Efforts are being made to develop new markets and the Company expects substantial increase in export during the current year.
- (b) Total Foreign Exchange Earned.  
Used Rs. 3,43,35,090  
Earned Rs. 3,52,47,335

For and on behalf of the Board of Director

**SUDHIR M. MODY**  
CHAIRMAN

**MANAGEMENT DISCUSSION AND ANALYSIS****A) Industry Structure and Development :**

The Company is engaged in the business of producing intermediate dyes and trading in dyes based on a basic raw material Tobias Acid, which is imported from China. With the import of the basic raw material, the Company carries out processing activities on job work basis and produces the various dyes and dye intermediates.

**B) Opportunities and Threats :**

The Company is finding a good market for its range of products in the developing Asian Countries. This growth in market share has been achieved despite difficult local and global economic circumstances. One of the main threats faced by the Company are the availability of cheaper products form China.

**C) Segment-wise Performance :**

The Company has only one business segment viz dye intermediates and dyes and hence product-wise performance is not provided.

**D) Outlook**

The outlook for the Company's business depends on the Cotton textile industry since majority of the Company's products are used in cotton fabrics. Recent times have seen a reversal of trends from synthetic to cotton fabrics and with the increase in demand for cotton the Company has a tremendous potential for growth.

**E) Risk and Concerns**

Globalised competitive scenario in Dyes and raw materials and dumping of low price products from the Chinese markets are the major areas of risk and concern for your Company. Any unfavourable trends in the import tariffs on key raw materials may have adverse impact on the cost and selling prices thereby putting pressure on the margins.

**F) Internal Control Systems and their Adequacy**

The Company has satisfactory internal control system, the adequacy of which has been mentioned in the Auditors' Report.

**G) Human Resources**

There has been no material development on the Human Resource / Industrial relations front during the year.

**Report on Corporate Governance**

(Pursuant to clause 49 of Listing Agreement)

**1. Company's Philosophy on code of Governance :**

*The Company is committed to benchmarking itself with the best in all areas including Corporate Governance. The Company's philosophy of Corporate Governance is aimed at strengthening the confidence among shareholders, customers, employees and ensuring a long term relationship of trust by maintaining transparency and disclosures. The Company is aiming at efficient conduct of the business in meeting its obligations to the shareholders.*

**2. Board of Directors :****Composition and size of the Board**

The present strength of the board is 5. The composition of the Board and category of Directorship, as on 31<sup>st</sup> March, 2003 are as follows: -

Category	Name of Director	Designation
Promoter	Mr. Sudhir M.Mody	Non -Executive Chairman
Promoter	Mr. Sumish S.Mody	Executive -Whole time Director
Promoter	Mr. Miten S.Mody	Non-Executive Director
Independent	Mr. Raghunath Shedge	Non-Executive Director
Independent	Dr. Umesh Kulkarni	Non-Executive Director

*The Board has accordingly optimum combination of executive and non-executive Directors and independent and non-Independent Directors. The Independent Directors of the Company do not have any other material or pecuniary relationship or transaction with the Company, its promoters, its management or its subsidiaries, which in judgment of the Board may effect independence of judgment of the Directors. Non-Executive Directors are not paid any remuneration.*

**No. of Board Meetings held during the year along with the dates of meeting :**

In financial year 2002 – 2003, the Board met eight times. The Board meetings were held on

- |                                      |                                    |                                    |
|--------------------------------------|------------------------------------|------------------------------------|
| (1) 17 <sup>th</sup> April, 2002,    | (2) 29 <sup>th</sup> June, 2002,   | (3) 31 <sup>st</sup> July, 2002,   |
| (4) 16 <sup>th</sup> August, 2002    | (5) 29 <sup>th</sup> August, 2002, | (6) 1 <sup>st</sup> October, 2002, |
| (7) 29 <sup>th</sup> November, 2002, | (8) 29 <sup>th</sup> January, 2003 |                                    |

**Attendance of Directors at Board Meeting and last Annual Meeting.**

All Directors have attended all Board Meetings except Dr. Umesh Kulkarni who had requested leave of absence from attending four Board Meetings held on 17<sup>th</sup> April, 2002, 31<sup>st</sup> July, 2002, 16<sup>th</sup> August, 2002 and 29<sup>th</sup> November, 2002. All the Directors have remained present at the last Annual General Meeting held on 27<sup>th</sup> September, 2002.

**Vivid Chemicals Limited**

Details of number of Companies and Committees in which each Director is a member and/or chairman:

Name of Director	Directorship in other Companies	No. of Committees in which Chairman	No. of Committees in which Member
Mr. Sudhir Mody	6	Nil	Nil
Mr. Miten Mody	5	Nil	1
Mr. Sumish Mody	1	Nil	Nil
Mr. Raghunath Shedge	1	1	1
Mr. Umesh Kulkarni	Nil	1	1

Details of Directors being re-appointed / appointed :

*As per clause 127 of the Articles of Association of the Company Mr. Miten S. Mody retires by rotation and being eligible has offered himself for re-appointment. Further, Mr. Raghunath Shedge was appointed as a Director of the Company to fill casual vacancy caused by resignation of Mr. Ramesh R. Desai with effect from 31.07.2002.*

**The Brief Profile of Director being appointed/re-appointed (pursuant to Clause 49 of the Listing Agreement) :**

1. Name of the Director	Mr. Miten Mody	Mr. Raghunath Shedge
2. Date of Birth	14.12.1974	02.06.1954
3. Date of Appointment	26.03.1997	31.07.02
4. Experience in specific areas	More than 5 years experience in the field of dyes and chemicals.	He has been associated with the Company for more than 20 years in various organizational capacities.
5. Qualifications	Degree in Chemical Engineering from Rutgers University U.S.A	SSC.
6. Directorships in other Companies	Vivid Intermediates Ltd. Mitjay Intermediates Pvt. Ltd. Vivid Exports Pvt. Ltd. Vivil Investments Pvt. Ltd. Vivid Finance & Holdings Pvt. Ltd.	Vivid Exports Pvt. Ltd.
7. Membership of committees	Member of Audit committee	Chairman-Audit Committee Member -Shareholders Grievance Committee

**3. Audit Committee:**

Terms of reference, Composition:

The terms of reference of this committee covers the matters specified for Audit committee under Clause 49 of the Listing Agreement .

The Audit Committee comprises of all the non-executive directors. Mr. Raghunath Shedge, an independent director is the Chairman of the committee. Dr. Umesh Kulkarni and Mr. Miten Mody are the other members of the Committee.

Meetings of the committee and the attendance:

Audit Committee meetings were held on

(1) 29<sup>th</sup> June, 2002 (2) 29<sup>th</sup> August, 2002 (3) 29<sup>th</sup> January, 2003.

All the members have attended the aforesaid meetings. The Chairman and the statutory auditors were the invitees to the above meetings.

**4. Remuneration of Directors**

The Board has not set up a remuneration committee. The Directors are not paid any remuneration except professional fees of Rs. 60,000 which is paid to Mr. Sudhir Mody, Chairman for rendering consultation and technical services to the organisation in his professional capacity.

The details of sitting fees paid to the director are as follows:

Director	amount ( Rs.)
Mr. Raghunath Shedge	Rs.750

**5. Shareholders Grievance Committee**

The Shareholders Grievance Committee comprises of two independent Directors Mr. Raghunath Shedge and Mr. Umesh Kulkarni. Mr. Umesh Kulkarni is the Chairman of the Shareholders' Grievance Committee. Mr. Sudhir Mody is the compliance officer. There is no complaint that has remained un-redressed. There is no share transfer pending registration for more than 30 days as on the said date.