

**24th
ANNUAL REPORT
2010-2011**



VIVID GLOBAL INDUSTRIES LTD.

(Formerly Known as : VIVID CHEMICALS LTD.)

VIVID GLOBAL INDUSTRIES LIMITED

BOARD OF DIRECTORS

SHRI SUMISH S.MODY
SMT. ASHA S. MODY
SHRI MANOJ KUMAR CHAUHAN
SHRI DHARMESH D.CHOKSI

WHOLETIME DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

BANKERS :

BANK OF BARODA,
BACKBAY RECLAMATION BRANCH,
MUMBAI-400 020.

AUDITORS :

M/S. K.M. KAPADIA & ASSOCIATES
SHOP NO.49, 1ST FLOOR
ASHOKA SHOPPING CENTRE
L.T. MARG,
MUMBAI-400 001.

REGISTERED OFFICE :

D-21/1, M.I.D.C. TARAPUR 401 506
VIA BOISAR, DIST.THANE.

ADMINISTRATIVE OFFICE :

C/O.SUMICHEM CORPORATION
1-D, DHANNUR BUILDING,
SIR P.M.ROAD, FORT,
MUMBAI 400 001.

Email ID: vividchem@yahoo.com

URL : vividglobalinds.com

REGISTRARS & SHARE TRANSFER AGENTS :

REGD.OFFICE:

SHAREPRO SERVICES (INDIA) PVT.LTD.
13AB, SAMHITA WAREHOUSING COMPLEX,
SECOND FLOOR, SAKINAKA TELEPHONE EXCHANGE LANE,
OFF ANDHERI KURLA ROAD, SAKINAKA,
ANDHERI (EAST), MUMBAI-400 072.

INVESTOR RELATION CENTRE:

SHAREPRO SERVICES (INDIA) PVT.LTD.
912, RAHEJA CENTRE,
FREE PRESS JOURNAL ROAD,
NARIMAN POINT, MUMBAI-400 021.

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Vivid Global Industries Limited, will be held at Plot No. D-21/1,M.I.D.C., Tarapur, Via Boisar, Dist. Thane on Friday 30th September 2011 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, 2011 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.Sumish S. Mody, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT subject to the provisions of Sections 198,269,309, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended up to date, consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration and perquisites to Mr. Sumish S. Mody as Managing Director of the Company for a period of five years with effect from 1st November, 2011 on the terms and conditions set out in the agreement to be entered into between the Company and Mr. Sumish S. Mody, a draft whereof is placed before the Meeting and is initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provision under the Act for the time being in force, provided, however that the remuneration payable to Mr. Sumish S. Mody shall be within the limits set out in the said Act including the said Schedule XIII to the said Act or any amendments thereto or any modifications or statutory re-enactments thereof and / or Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr. Sumish S. Mody shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Sumish S. Mody as Managing Director, the remuneration and perquisites as set out in the aforesaid agreement shall nevertheless be paid or granted to Mr. Sumish S. Mody as minimum remuneration, provided that in any event the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

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

For and on behalf of the Board of Directors

SUMISH S. MODY
MANAGING DIRECTOR

REGISTERED OFFICE :

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

Dated : 17th August, 2011

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. An Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the share transfer books will remain closed from 24th September, 11 to 30th September, 11 both days inclusive.
4. 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.
5. Members are requested to bring their copies of Annual Report and Accounts to the Meeting.
6. Members are requested to notify immediately any change in their address to the Companies Registrar and Share Transfer Agents M/s. Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 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**

At the Twenty Second Annual General meeting of the Company held on 29th September, 2009 the members approved the revision in the terms of remuneration of Mr. Sumish S. Mody and the change in his designation to Managing Director for a period of remainder of the tenure of his term upto 31st October, 2011. In order to enable the Company to continue to benefit from the wide and varied knowledge and experience in the industry possessed by Mr. Sumish S. Mody, the Board of Directors have, subject to the approval of the Shareholders re-appointed Mr. Sumish S. Mody as Managing Director of the Company for a further period of 5 years commencing from 1st November, 2011 to 30th October, 2016 at the remuneration and on terms and conditions specified below.

Period of appointment : 5 years from 1st November, 2011 to 30th October, 2016.

Salary

Rs. 25,000/- per month in the scale of 25,000 – 75,000 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time.

Perquisites:

- a. Medical Reimbursement: Expenses incurred for self and family.
- b. Leave Travel Concession: for self and family, once in a year in accordance with the rules of the Company.
- c. He shall be covered under Personal Accident Insurance policy as per the rules of the Company.
- d. Contribution to Provident Fund/ Superannuation Fund/ Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
- e. Gratuity payable shall be calculated as per the provisions of the 'Payment of Gratuity Act, 1972.
- f. He shall be entitled to Encashment of Leave at the end of tenure in accordance with the rules of the Company.
- g. Provision for use on Company's Cars and telephone and mobile at Residence (not to be considered as perquisite).
- h. The Company shall pay fee of clubs as per rules of the Company, subject to a maximum of two clubs.

The perquisites wherever applicable, shall be valued as per the Income Tax Rules, 1962.

Where in any financial year during the **Tenure** of the terms of Mr. Sumish Mody as Managing Director the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Sumish S. Mody, remuneration and perquisites within limits specified in part II of Schedule XIII of the said Act, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

Other Terms

- i) Reimbursement of expenses: Reimbursement of travelling, entertainment and other expenses incurred by him during the course of the business of the Company as per the rules of the Company.
- ii) He shall not be paid any sitting fees for attending Board/Committee Meetings.
- iii) He shall not become interested or otherwise be connected directly or through his wife and /or dependent children in any selling agency of the Company without prior approval of the Central Government.
- iv) The appointment may be terminated by the Company or by Mr. Sumish S. Mody by giving not less than three months' prior notice in writing.
- v) In the event of death during the term of his office, the Company shall pay to Mr. Sumish S. Mody's legal heirs his full salary and other emoluments for that month and three months thereafter.

Mr. Sumish S. Mody has a degree in marketing from Rider University U.S.A. and has more than 15 years experience in the field of Dyes and Dye intermediates. This appointment at the remuneration detailed above is subject to the approval of the Shareholders.

The Directors' are of the opinion that Mr. Sumish S. Mody's knowledge and experience will be of immense value to the Company. The Directors therefore recommend the resolution for approval of Members.

A copy of the draft agreement referred to in the resolution at Item No. 4 will be available at the Registered Office of the Company and are open for inspection by the members between 10.00 a.m. to 1.00 p.m. on any working day except Saturday.

Mr. Sumish S. Mody and Mrs. Asha S. Mody are concerned or interested in the Resolution at Item No. 4.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956.

For and on behalf of the Board of Directors

SUMISH S. MODY
MANAGING DIRECTOR

REGISTERED OFFICE :

D-21/1 M.I.D.C.,
Tarapur, Via Boisar, Dist. Thane
Dated : 17th August, 2011

DIRECTOR'S REPORT

To,
The Members

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS :

	(Rs. in lacs) 31st March, 2011	(Rs. in lacs) 31st March, 2010
Net Sales/Income from Operations excluding Excise & Sales Tax	<u>1297.66</u>	<u>1258.47</u>
Gross Profit/(Loss) before Depreciation & Interest	125.43	98.89
Less : Depreciation	30.24	11.48
: Interest	<u>50.10</u>	<u>16.15</u>
	<u>80.34</u>	<u>27.63</u>
	45.09	71.26
Less: Prior years adjustments	<u>0.00</u>	<u>0.20</u>
Net Profit/(Loss) before Tax	45.09	71.06
Profit/ (Loss) after Tax	45.09	71.06
Add/(Less) Profit /Loss Brought Forward	<u>(311.03)</u>	<u>(382.10)</u>
Balance Carried to Balance Sheet	<u>(265.94)</u>	<u>(311.04)</u>

OPERATIONS :

During the year under review the Company has recorded a total Income of Rs. 1297.66 Lacs as compared to Rs. 1258.47 Lacs for the previous year and Net Profit of Rs. 45.09 Lacs for the year as compared to a Profit of Rs. 71.26 Lacs in the previous year.

Your Company with the help of in-house research started regenerating steam from mother liquor and reusing salt in the process has succeeded in improving the yield efficiency by approximately 5% and by that way company has also reduced the effluent discharge. As a result of all these factors the turnover and profitability have substantially improved and barring unforeseen circumstances your Directors are optimistic about the current year.

DIVIDEND :

In view of the accumulated losses your Directors do not recommend any dividend.

DIRECTORATE :

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

FIXED DEPOSIT :

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

AUDITORS :

The present statutory auditors M/s K. M. Kapadia & Associates, Chartered Accountants retire at the close of this Annual General Meeting and are eligible for re-appointment. The Company has received the consent and eligibility certificate from them. The Directors therefore recommend the re-appointment of M/s K. M. Kapadia & Associates, Chartered Accountants as Auditors of the Company.

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:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) 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.
- iii) 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.
- iv) The Directors have prepared the annual accounts on a "going concern basis".

CORPORATE GOVERNANCE :

Pursuant to Clause 49 to the Listing Agreement with the Stock Exchange a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance form 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

SUMISH S. MODY
MANAGING DIRECTOR

ASHA S. MODY
DIRECTOR

Place : Mumbai

Dated : 17th August, 2011

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 ENDED 31ST MARCH, 2011

A) CONSERVATION OF ENERGY :

- a. Though the Company's manufacturing operations do not involve substantial energy consumption the Company has taken adequate steps to improve energy utilization wherever possible.
- b. **ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDUCTION OF CONSUMPTION 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. The company is examining possibilities of new technology to improve the quality of its products.
- 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 its 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. 3,73,827

Earned Rs. 3,81,28,497

For and on behalf of the Board of Director

SUMISH S. MODY
MANAGING DIRECTOR

ASHA S. MODY
DIRECTOR

Place : Mumbai

Dated : 17th August, 2011

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 and J.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 and has also found a good market in various other countries. This growth in market share has been achieved due to collaboration with another company for marketing of the company's products. One of the main threats faced by the Company are the availability of cheaper products from 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.

The Company has adopted a Code of Conduct as required under clause 49 of the listing Agreement with the stock Exchanges. The Directors have confirmed compliance with the code of conduct for the year ended 31st March, 2011.

The relevant standards of Corporate Governance have been fully complied with by the Company.

2. Board of Directors :

Composition and size of the Board

The present strength of the Board is 4. The Board comprises of one Managing Director and the remaining three are Non executive Directors.

The size and composition of the Board confirms with the requirements of Corporate Governance under the Listing Agreement with the Stock Exchange and applicable laws. The Independent Non Executive 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 the judgement of the Board may affect independence of judgement 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 the financial year 2010 – 2011, the Board met Eight times. The Board meetings were held on

(1) 30th April 2010 (2) 5th July, 2010, (3) 30th July, 2010 (4) 18th August, 2010, (5) 23rd September, 2010, (6) 28th October, 2010, (7) 28th January, 2011 (8) 30th March, 2011.