



VINYL CHEMICALS (INDIA) LIMITED

CIN: L24100MH1986PLC039837

Regd. Office: Regent Chambers, 7th Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai 400 021.

Tel.: 22822708, **Fax:** 22043969, **E-mail:** cs.vinylchemicals@pidilite.com, **Website:** www.vinylchemicals.com

NOTICE

Notice is hereby given that an EXTRA-ORDINARY GENERAL MEETING of the members of the Company will be held on Friday, the 3rd July, 2015 at 11.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kalaghoda, Mumbai 400 001 to transact the following business:

Special Business:

1. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions Clause 49 (VII) of the Listing Agreement entered into by the Company with the Stock Exchanges and any amendments thereto as may be made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Audit Committee and Board of Directors of the Company to enter into arrangement/s and transactions for the sale of the Company’s goods/products/ materials to Pidilite Industries Limited, a related party, on a continuous and ongoing basis, for an aggregate value not exceeding Rs.500 crores per annum of such transactions during the Financial Year 2015 -16 with an annual increase not exceeding Rs.100 crores in value for every succeeding year thereafter over the previous year on principal terms as contained in the draft letter of arrangement placed before the meeting and as set out in the Explanatory Statement annexed to this Notice.”

“RESOLVED FURTHER THAT any one of the Directors or Secretary of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to this resolution.”

BY ORDER OF THE BOARD OF DIRECTORS

P.C. PATEL
PRESIDENT & SECRETARY

Place: Mumbai

Date : 18th May, 2015

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EXTRA-ORDINARY GENERAL MEETING (EGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Members/ Proxies are requested to bring the enclosed Attendance Slip, duly filled & signed and hand it over at the entrance of the meeting hall.
5. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours on all working days except Saturdays, upto the date of the meeting.
6. Voting through electronic means:
 - A. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement with Stock Exchanges, the Company is pleased to provide facility to the members to exercise their right to vote at the EGM by electronic means through e-voting services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

- (i) The initial USER ID & PASSWORD are provided in the Ballot Form which is enclosed alongwith this Notice.
- (ii) Launch internet browser and open the website <https://www.evoting.nsdl.com/>.
- (iii) Click on "Shareholder – Login".
- (iv) Enter USER ID and PASSWORD as mentioned in (i) above and click 'Login'.
- (v) "Password change" menu will appear. Change the password with a new password of your choice with minimum 8 digits/characters or a combination thereof. Note the new password. It is strongly recommended that you should not share the password with any other person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will then open. Click on "E-voting - Active Voting Cycles".
- (vii) Select "EVEN" (Electronic Voting Event No.) of Vinyl Chemicals (India) Limited.
- (viii) Now you are ready for e-voting and "Cast Vote" page will open.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to change/modify your vote.
- (xii) The corporate and institutional shareholders (i.e. companies, trusts, societies etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter alongwith attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to shethmm_cs@yahoo.co.in with a copy marked to evoting@nsdl.co.in.

- B. In case of any queries, please refer to “Frequently Asked Questions” (FAQs) for Shareholders and “e-voting user manual for Shareholders” available at the “Downloads” section of the website www.evoting.nsdl.com or contact NSDL at toll free No. 1800-222-990.
 - C. If you are already registered with NSDL for e-voting, you can use your existing USER ID and PASSWORD for casting your vote.
 - D. Members whose names appear in the Register of Members/List of Beneficial owners as on 26th June, 2015 (cut-off date) are entitled to vote on the resolution set out in this Notice through remote e-voting or Ballot Form or Ballot at the meeting.
 - E. The remote e-voting period will commence from 30th June, 2015 at 9.00 a.m. and end on 2nd July, 2015 at 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or dematerialized form as on the cut-off date may cast their vote by remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, the Member shall not be allowed to change/modify it subsequently.
 - F. The voting rights of Members shall be reckoned on the paid up value of shares registered in the names of the Member/Beneficial Owner of the shares of the Company as on the cut-off date.
 - G. Any person who acquires shares of the Company and becomes a member after despatch of the Notice and hold shares as on the cut off date may obtain the USER ID and PASSWORD by sending email to vinylegm2015@tsrdarashaw.com quoting the Folio No. (if shares are held on Physical Form) or DP Id & Client Id (if shares are held in Demat Form). However, if such members are already registered with NSDL for remote e-voting, they can use the existing USER ID and PASSWORD for casting their vote.
 - H. A member may participate in the meeting after casting his vote through remote e-voting but shall not be allowed to vote once again at the meeting.
 - I. Mr. M.M. Sheth, Practising Company Secretary, Mumbai (Membership No. FCS 1455, CP No. 729) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - J. The scrutinizer shall, immediately after the conclusion of voting at the meeting, count the votes cast through Ballot Forms received by post, votes cast through Ballot at the Meeting and then unblock the votes cast through remote e-voting in the presence of the least two witnesses not in the employment of the Company. The Scrutiniser shall within 3 working days of the conclusion of the meeting submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, the resolution to the Chairman or a person authorised by him in writing.
 - K. The Results alongwith the Scrutinizer's Report shall be placed on the Company's website www.vinylchemicals.com and on the website of NSDL and communicated to the BSE Ltd. and National Stock Exchange of India Ltd.
7. Voting through Ballot Form:
- A. In compliance with Clause 35B of the Listing Agreement with Stock Exchanges, the Company is enclosing herewith a Ballot Form in order to enable those members who do not have access to e-voting facility to cast their vote.
 - B. The name of Members who have cast their vote through the enclosed Ballot Form must appear in the Register of Members/List of Beneficial Owners as on 26th June, 2015 (cut-off date) failing which their vote shall be treated as invalid.
 - C. The Ballot Form, duly filled and signed by the Members, must be returned in the enclosed postage paid Business Reply Envelope, so as to reach the Scrutinizer on or before 29th June, 2015. Ballot Forms which are received after the said date will be treated as if not received.
8. Ballot facility shall be made available by the Company at the meeting for Members attending the meeting who have not cast their vote earlier either through remote e-voting facility or through the enclosed Ballot Form.

EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No.1

The Company was promoted, inter alia, by Pidilite Industries Ltd. (PIL) for procuring regular supply of one of their key raw materials - Chemicals viz. Vinyl Acetate Monomer (VAM). The Company sells / supplies VAM to PIL on an ongoing basis for over two decades.

Clause 49 of the Listing Agreement, as amended w.e.f. 1st October, 2014, inter alia, provides that all material related party transactions shall require approval of the Members by passing a Special Resolution, if the total value of the transactions exceeds 10% of annual consolidated turnover of the company.

The Company is selling VAM to PIL in its ordinary course of business and at arms' length basis. Hence, the provisions of Section 188 of the Companies Act, 2013 are not applicable to the aforesaid arrangement/transactions. Since the aggregate value of such transactions exceed the limits specified in the amended Clause 49(VII) of the Listing Agreement, the Board seeks Members' approval for continuing the existing arrangement with PIL for sale of Chemicals viz. VAM, which is in the interest of the Company. The Audit Committee and Board of Directors of the Company have approved the said arrangement.

The details of the arrangement are as under:

1. Name of the Related Party : Pidilite Industries Limited
2. Name of the Directors or KMP who is related : a) Shri M.B. Parekh
b) Shri N.K. Parekh
3. Nature of relationship : Promoter Company
4. Nature, material terms, monetary value & particulars of the Contract/Arrangement:
 - (a) Nature of the Contract/Arrangement : Sale and supply of goods, products & materials viz. Chemicals.
 - (b) Material terms of the Contract/ Arrangement : The sale of Chemicals shall be on commercial terms as per the prevailing market price as applicable to bulk industrial customers with firm commitment for off-take of materials from time to time.
 - (c) Monetary value of the Contract/ Arrangement : The maximum value of transactions shall not exceed a sum of Rs.500 crores per annum during the Financial Year 2015-16 with an annual increase not exceeding Rs.100 crores in value over the previous year, for every succeeding year thereafter.
 - (d) Particulars of the Contract/Arrangement : The arrangement/transactions will be on a continuous and ongoing basis.

Except Shri M.B. Parekh and Shri N.K. Parekh, Directors of the Company who are also Directors in PIL, none of the other Directors or Key Managerial Personnel of the Company and their relatives are interested or concerned in the Special Resolution. The extent of shareholding of Shri M.B. Parekh and Shri N.K. Parekh is 11.08% and 10.50% respectively in the equity share capital of PIL.

The draft letter containing terms and conditions of the above arrangement is available for inspection of members at the Registered Office of the Company during normal business hours on all working days except Saturdays upto the date of the meeting.

The Board recommends the Special Resolution for approval of the Members.

BY ORDER OF THE BOARD OF DIRECTORS

P.C. PATEL
PRESIDENT & SECRETARY

Registered Office:

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Date: 18th May, 2015