



Vinyl Chemicals (India) Ltd.

**BOARD OF DIRECTORS**

Shri M.B. Parekh - Chairman & Managing Director

Shri N.K. Parekh

Shri R.M. Gandhi

Smt. Y.J. Mogrelia

Shri A.D. Mavinkurve

**PRESIDENT & SECRETARY**

Shri P.C. Patel

**REGISTRAR AND TRANSFER AGENTS**

TSR Darashaw Pvt. Ltd.  
6-10, Haji Moosa Patrawala Indl. Estate  
20, Dr. E. Moses Road, Mahalaxmi  
Mumbai 400 011

**AUDITORS**

D.A. Kothari & Co.

**SOLICITORS**

Wadia Ghandy & Co.

**REGISTERED OFFICE**

Regent Chambers, 7th Floor  
Jamnalal Bajaj Marg  
208, Nariman Point  
Mumbai 400 021

**CORPORATE OFFICE**

Ramkrishna Mandir Road  
Off. Mathuradas VasANJI Road  
Andheri (East)  
Mumbai 400 059

**BANKERS**

Indian Overseas Bank  
Corporation Bank

**CONTENTS**

Directors' Report .....	2
Annexure I to the Directors' Report.....	4
Management Discussion and Analysis Report.....	5
Independent Auditors' Report .....	6
Balance Sheet.....	10
Statement of Profit & Loss .....	11
Cash Flow Statement.....	12
Notes to the Financial Statements.....	14
Corporate Governance Report.....	23
Auditors' Certificate on Corporate Governance.....	26
Information for Shareholders .....	27
Attendance Slip and Proxy Form.....	31

**DIRECTORS' REPORT**

Your Directors present the Twenty Eighth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2014.

**Financial Results :**

(₹ in lac)

Particulars	Current Year	Previous Year
<b>Profit before Interest, Depreciation and Tax</b>	<b>1137</b>	903
Less: Interest & Other Finance Costs	4	22
Depreciation	*	*
<b>Profit before Taxation</b>	<b>1133</b>	881
Less: Provision for Current Taxation	385	287
Provision for Deferred Tax	*	*
<b>Profit for the year</b>	<b>748</b>	594
Add: Profit Brought Forward from Previous Year	946	594
<b>Profit available for appropriation</b>	<b>1694</b>	1188
<b>Appropriations:</b>		
Proposed Dividend on Equity Shares	183	147
Tax on Dividend	31	25
Transfer to General Reserve	80	70
<b>Total</b>	<b>294</b>	242
<b>Balance carried to Balance Sheet</b>	<b>1400</b>	946

\* less than ₹ 1 lac

**Dividend:**

Out of Current Year's profit, the Directors recommended payment of dividend of ₹ 1 per equity share of ₹ 1 each (previous year ₹ 0.80 per share) amounting to ₹ 1,83,37,111 (previous year ₹ 1,46,69,689) on 1,83,37,111 equity shares of ₹ 1 each.

**Performance:**

- The company's current business is in Chemicals – which is trading mainly in Vinyl Acetate Monomer.
- During the year, the sales turnover from Trading activity was ₹ 28,496 lacs.
- During the year, the Company earned Net Profit of ₹ 748 lacs as against ₹ 594 lacs in the previous year.

**Outlook:**

The Company expects to perform reasonably well subject to prevailing market conditions and fluctuations in exchange rate.

**Directors:**

In accordance with the Article of Association of the Company, Shri N.K. Parekh, a Director of the Company, retires by rotation and being eligible, offer himself for re-appointment.

Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve are Non-Executive Independent Directors of the Company who are liable to retire by rotation. In terms of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, they are proposed to be appointed as Independent Directors for a term of 5 years from the date of this Annual General Meeting upto the conclusion of the Thirty Third Annual General Meeting of the Company to be held in respect of Financial Year ending 31<sup>st</sup> March, 2019 and they will not be liable to retire by rotation.

The Company has received declarations from them that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

The Company has received notices in writing from members alongwith requisite deposit as required under Section 160 of the Companies Act, 2013 proposing the candidature of Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve for the office of Directors of the Company.

In the opinion of the Board, Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and Rules framed thereunder and the Listing Agreement and they are Independent of the management.

**Directors' Responsibility Statement:**

Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 31st March, 2014 and of the profit of the Company for that year;
- 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 for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

**Corporate Governance:**

Reports on Corporate Governance and Management Discussion and Analysis in accordance with Clause 49 of the Listing Agreement with Stock Exchanges along with a certificate from the Auditors of the Company are given separately in this Annual Report.

**Auditors:**

M/s. D. A. Kothari & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**Information pursuant to Section 217 of the Companies Act, 1956:**

There is no employee in respect of whom information under Section 217(2A) of the Companies Act, 1956 is required to be given.

**Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:**

The information to the extent applicable to the Company is given in Annexure I.

**Appreciation:**

The Directors wish to place on record their appreciation of the contribution made by the employees at all levels to the working of the Company. The Directors also wish to place on record their appreciation for the shareholders, dealers, consumers and banks for their continued support.

FOR AND ON BEHALF OF THE BOARD

Mumbai  
Date: 28<sup>th</sup> July, 2014

**M.B. PAREKH**  
CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE I TO THE DIRECTORS' REPORT**

During the financial year 2013–2014, the Company did not have manufacturing activity. The company's current business activity is Trading in Chemicals. Hence, information as applicable to Trading Activity is only given.

- A. CONSERVATION OF ENERGY** - Not Applicable
- Total energy consumption and energy consumption per unit of production - As per Form A

**Form A**

Disclosure of particulars with respect of Conservation of Energy

- (a) **POWER AND FUEL CONSUMPTION** - Not Applicable
- (b) **CONSUMPTION PER UNIT OF PRODUCTION** - Not Applicable
- B. TECHNOLOGY ABSORPTION** - Not Applicable

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:**

Total Foreign Exchange used and earned:

	2013-2014	2012-2013
	₹	₹
1. Foreign Exchange used:		
i. Expenditure	-	-
ii. Imports (CIF basis)	<b>2,61,63,71,527</b>	2,03,89,94,796
2. Earnings on account of Export of Goods (FOB basis):		
i. In Foreign Exchange	-	-
ii. Deemed Export	-	-

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company's current business activity is Trading in Chemicals.

### **Industry Structure and Developments :**

Large number of companies are active in trading of chemicals. About 10 - 11 importers are regularly importing Vinyl Acetate Monomer for trading.

### **Opportunities, Threats, Outlook, Risks and Concerns:**

The Company is currently engaged mainly in trading of Vinyl Acetate Monomer. The Company will weigh the opportunities and decide at an appropriate time whether to expand trading activity by trading in other chemicals.

The price and demand of various chemicals undergo fluctuations. Similarly, there are fluctuations in foreign currency rates. Hence, there is an inherent risk in trading activities.

### **Segment-wise Performance:**

The Company's current business activity has only one primary reportable segment, namely trading in chemicals.

### **Internal Control Systems and their Adequacy:**

The Company has adequate internal control procedures commensurate with size and nature of its business. The internal control systems provide for policies, guidelines, authorisations and approval procedures.

The Audit Committee of the Board of Directors periodically reviews the internal audit reports, significant risk area assessment and adequacy of internal controls for ensuring checks and balances. The Company has appointed Internal Auditors who regularly check the adequacy and effectiveness of all internal controls and suggest improvements.

### **Financial Performance:**

Financial results and performance for the year are elaborated in the Directors' Report.

### **Human Resources:**

Harmonious relations continued to prevail with employees. The total number of employees as on 31<sup>st</sup> March, 2014 were 11.



## INDEPENDENT AUDITORS' REPORT

To The Members of  
Vinyl Chemicals (India) Ltd

### Report on the Financial Statements

We have audited the accompanying financial statements of Vinyl Chemicals (India) Ltd ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (" the Act" ) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

---

---

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs).
  - e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **D A KOTHARI & CO**  
CHARTERED ACCOUNTANTS  
Firm's Registration No. 105299W

**D A KOTHARI**  
PROPRIETOR  
Membership Number 6301

Mumbai

Dated: 19<sup>th</sup> May, 2014





**Annexure to Independent Auditors' Report**

**Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. We are informed that the fixed assets have been physically verified by the Management during the year. There is a regular programme of verification, which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
3. During the year, the Company has not disposed off a substantial part of fixed assets.
4. The Management has physically verified the inventories of the Company during the year. In our opinion, the frequency of verification is reasonable.
5. In our opinion, the procedures for physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. On the basis of our examination of the records of the Company, we are of the opinion that the Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical verification and book records, not being material, were appropriately dealt with.
7. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, clauses iii (b), (c) and (d) are not applicable to the Company and hence, not reported upon.
8. During the year, the Company has not taken any loans, secured or unsecured, from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, clauses iii (f) and (g) are not applicable to the Company and hence, not reported upon.
9. There is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct weaknesses in internal control system.
10. On the basis of our examination of relevant records and on the basis of representation received from the Management, particulars of contracts or arrangements that need to be entered in the register in pursuance of Section 301 of the Act have been so entered.
11. On the basis of our examination of the books of account, relevant information and explanations and representations as provided by the Company, the transactions exceeding Rs 5 lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. The Company has not accepted any deposits under the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder.
13. The function of internal audit, as explained, is being carried out by outside professionals, which, in our opinion, is commensurate with its size and nature of its business.
14. We are informed that the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act, for the product dealt with by the Company.
15. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date it became payable.
16. According to the information and explanations given to us and also based on the Management's Representation, there have been no disputed dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been deposited on account of any dispute as at the balance sheet date except as detailed below-

Name of Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Assessment U/s 143(3)	4,27,420	A Y 2010-11	ITAT, Mumbai
Income Tax Act	Assessment U/s 143(3)	5,80,010	A Y 2011-12	CIT(Appeals), Mumbai
Maharashtra Value Added Tax Act	Assessment Dues	81,77,742	A Y 2006-07	Appeal being filed with JC (Appeal V), Sales Tax Office, Mumbai
Central Sales Tax Act	Assessment Dues	42,78,179	A Y 2006-07	Appeal being filed with JC (Appeal V), Sales Tax Office, Mumbai
Maharashtra Value Added Tax Act	Assessment Dues	62,67,349	A Y 2009-10	JC (Appeal V), Mumbai

17. The Company has neither accumulated losses as at 31<sup>st</sup> March 2014 nor it has incurred any cash losses either in the financial year under audit or in the immediately preceding financial year.
18. According to the records of the Company, it has not defaulted in repayment of dues to financial institutions or banks or to debenture holders.
19. The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to it.
21. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
22. The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
23. We are informed that the Company has not taken any term loan during the year.
24. On the basis of review of utilization of funds which is based on overall examination of the balance sheet of the Company and related information made available to us and as represented to us by the Management, no funds raised on short-term basis have been utilized for long term purpose.
25. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
26. As informed to us, the Company has not issued any debentures during the year.
27. The Company has not raised any money by public issue during the year.
28. As per the information and explanations given to us and on the basis of examination of records, no fraud on or by the Company has been noticed or reported during the year.

For **D A KOTHARI & CO**  
 CHARTERED ACCOUNTANTS  
 Firm's Registration No. 105299W

**D A KOTHARI**  
 PROPRIETOR  
 Membership Number 6301

Mumbai  
 Dated: 19<sup>th</sup> May, 2014



<b>BALANCE SHEET AS AT 31ST MARCH, 2014</b>			
	<b>Notes</b>	<b>31st March, 2014</b>	<b>31st March, 2013</b>
		₹	₹
<b>I Equity &amp; liabilities</b>			
<b>1. Shareholders' funds</b>			
Share capital	2	1,83,43,984	1,83,43,984
Reserves and surplus	3	<u>23,76,95,087</u>	<u>18,42,95,131</u>
		25,60,39,071	<u>20,26,39,115</u>
<b>2. Non-current liabilities</b>			
Long-term borrowings	4	49,47,308	49,47,308
Deferred tax liability		73,702	69,365
Other long-term liabilities	5	17,43,815	17,43,815
Long-term provisions	6	<u>4,02,088</u>	<u>12,30,657</u>
		71,66,913	<u>79,91,145</u>
<b>3. Current liabilities</b>			
Trade payables	7	73,72,91,261	42,99,22,343
Other current liabilities	8	2,52,46,756	2,25,93,019
Short-term provisions	9	<u>3,21,41,135</u>	<u>1,71,62,803</u>
		79,46,79,152	<u>46,96,78,165</u>
	<b>Total</b>	<b><u>1,05,78,85,136</u></b>	<b><u>68,03,08,425</u></b>
<b>II Assets</b>			
<b>1. Non-current assets</b>			
Fixed assets			
Tangible assets (Net)	10	23,78,900	23,79,647
Long-term loans and advances	11	<u>1,07,27,748</u>	<u>95,18,292</u>
		1,31,06,648	<u>1,18,97,939</u>
<b>2. Current assets</b>			
Current investments	12	5,09,87,741	7,50,00,000
Inventories	13	35,99,83,494	20,69,26,464
Trade receivables	14	52,54,97,223	33,13,16,596
Cash and bank balances	15	6,89,98,655	1,35,07,466
Short-term loans and advances	16	<u>3,93,11,375</u>	<u>4,16,59,960</u>
		1,04,47,78,488	<u>66,84,10,486</u>
	<b>Total</b>	<b><u>1,05,78,85,136</u></b>	<b><u>68,03,08,425</u></b>
<b>Summary of significant accounting policies</b>	1		
<b>The accompanying notes are an integral part of the financial statements</b>			
As per our report of even date		For and on behalf of the Board	
<b>For D.A. Kothari &amp; Co.</b> Chartered Accountants Firm Reg. No.105299W		<b>P.C. Patel</b> President & Secretary	<b>M.B. Parekh</b> Chairman & Managing Director
<b>D.A. Kothari</b> Proprietor Mem.No.06301			<b>N.K. Parekh</b> Director
Mumbai Dated : 19 <sup>th</sup> May, 2014		Mumbai Dated : 19 <sup>th</sup> May, 2014	

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Notes	31st March, 2014	31st March, 2013
		₹	₹
<b>Income</b>			
Revenue from operations	17	2,92,78,28,956	2,43,56,27,174
Other income	18	1,03,63,985	83,58,042
<b>Total Revenue</b>		<b>2,93,81,92,941</b>	<b>2,44,39,85,216</b>
<b>Expenses</b>			
Purchase of traded goods	19	2,88,33,75,942	2,34,84,50,427
(Increase)/decrease in inventories of traded goods	20	(15,30,57,027)	(6,07,72,221)
Cost of traded goods sold		2,73,03,18,915	2,28,76,78,206
Employee benefits expenses	21	1,55,71,256	1,41,59,553
Finance costs	22	3,71,467	22,03,846
Depreciation expense	10	33,698	32,940
Other Expenses	23	7,85,89,809	5,18,93,599
<b>Total Expenses</b>		<b>2,82,48,85,145</b>	<b>2,35,59,68,144</b>
<b>Profit before tax</b>		<b>11,33,07,796</b>	<b>8,80,17,072</b>
<b>Tax expense</b>			
Current tax		3,84,50,000	2,86,50,000
Deferred tax	30	4,337	6,612
Total tax expenses		3,84,54,337	2,86,56,612
<b>Profit for the year</b>		<b>7,48,53,459</b>	<b>5,93,60,460</b>
<b>Earnings per share</b>			
Basic		4.08	3.24
Diluted		4.08	3.24

**Summary of significant accounting policies** 1

**The accompanying notes are an integral part of the financial statements**

As per our report of even date

For and on behalf of the Board

**For D.A. Kothari & Co.**  
Chartered Accountants  
Firm Reg. No.105299W

**P.C. Patel**  
President & Secretary

**M.B. Parekh**  
Chairman & Managing Director

**D.A. Kothari**  
Proprietor  
Mem.No.06301

**N.K. Parekh**  
Director

Mumbai  
Dated : 19<sup>th</sup> May, 2014

Mumbai  
Dated : 19<sup>th</sup> May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	<b>31st March, 2014</b>	<b>31st March, 2013</b>
	₹	₹
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) before tax</b>	<b>11,33,07,796</b>	<b>8,80,17,072</b>
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation	33,698	32,940
Interest and other finance expenses	3,71,467	22,03,846
Interest income	(1,20,000)	(1,20,000)
Net (gain)/loss on sale of current investments	(89,14,967)	(81,37,793)
<b>Operating profit/(loss) before working capital changes</b>	<b>10,46,77,994</b>	<b>8,19,96,065</b>
<b>Movements in working capital:</b>		
Decrease/(increase) in fixed assets	(32,950)	-
Increase/(decrease) in trade payables	30,73,68,917	13,38,77,551
Increase/(decrease) in long-term provisions	(8,28,569)	6,60,146
Increase/(decrease) in other current liabilities	26,53,737	(24,82,905)
Increase/(decrease) in other long-term liabilities	-	(9,97,959)
Increase/(decrease) in short-term provisions	(64,75,171)	(1,44,16,228)
Decrease/(increase) in inventories	(15,30,57,030)	(6,07,72,221)
Decrease/(increase) in long-term loans and advances	(12,09,456)	2,06,53,312
Decrease/(increase) in trade receivables	(19,41,80,627)	(3,95,33,463)
Decrease/(increase) in short-term loans and advances	23,48,585	(1,74,35,192)
<b>Cash generated from Operations</b>	<b>6,12,65,430</b>	<b>10,15,49,106</b>
Interest and other finance expenses	(3,71,467)	(22,03,846)
Direct taxes paid	(3,84,50,000)	(2,86,50,000)
<b>Net Cash from Operating Activities (A)</b>	<b>2,24,43,963</b>	<b>7,06,95,260</b>
<b>Cash flows from investing activities</b>		
Sale / (Purchase) of current investments	2,40,12,259	(7,50,00,000)
Net gain from sale of current investments	89,14,967	81,37,793
Interest income	1,20,000	1,20,000
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>3,30,47,226</b>	<b>(6,67,42,207)</b>

	31st March, 2014	31st March, 2013
<b>Cash flow from financing activities</b>		
Proceeds from/(repayment of) long-term borrowings	-	-
<b>Net cash flow from/(used in) financing activities (C)</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>5,54,91,189</b>	<b>39,53,053</b>
Cash and cash equivalents at the beginning of the year	1,35,07,466	95,54,413
<b>Cash and cash equivalents at the end of the year</b>	<b>6,89,98,655</b>	<b>1,35,07,466</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	80,248	85,271
Balances with banks - in current accounts	6,71,20,540	1,14,40,296
- in unpaid dividend accounts *	17,97,867	19,81,899
<b>Total cash and cash equivalents (Note 15)</b>	<b>6,89,98,655</b>	<b>1,35,07,466</b>

\* The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

As per our report of even date

For and on behalf of the Board

**For D.A. Kothari & Co.**

Chartered Accountants  
Firm Reg. No.105299W

**D.A. Kothari**

Proprietor  
Mem.No.06301

Mumbai

Dated : 19<sup>th</sup> May, 2014

**P.C. Patel**

President & Secretary

Mumbai

Dated : 19<sup>th</sup> May, 2014

**M.B. Parekh**

Chairman & Managing Director

**N.K. Parekh**

Director



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**Note 1**

**Summary of significant accounting policies**

- 1.1. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention on a going concern basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
- 1.2.
  - i. Tangible assets are stated at cost.
  - ii. Depreciation has been provided on Straight Line Method on assets, as per the rates specified in Schedule XIV of the Companies Act, 1956.
- 1.3. Long-term investments are carried individually, at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.
- 1.4. Inventory of Traded Goods is valued at actual cost or net realisable value, whichever is lower.
- 1.5. Accounting for Taxes on Income:
  - i. Provision for current tax is made on the basis of taxable income for the current year in accordance with the provisions of the Income Tax Act, 1961.
  - ii. Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method at the current rate of tax to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual /reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- 1.6. Foreign Currency transactions are recorded at the exchange rates prevailing on the date of transaction. Foreign currency designated assets and liabilities are restated at year end rates or at contract rates and the resultant gain or loss is taken to the Statement of Profit and Loss except in respect of fixed assets where the gain/loss is capitalized.
- 1.7. Employees' Benefits:
  - i. Contribution to Provident and Family Pension Fund are funded as a percentage of salary.
  - ii. Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.
  - iii. Leave encashment liability is provided for on the basis of actuarial valuation as at the year end.
- 1.8. Revenue Recognition:
  - i. Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.
  - ii. Claims which are not of material nature/insurance claims etc. are accounted for when no significant uncertainties are attached to their eventual receipt.
  - iii. Negotiated price reduction obtained from supplier is accounted for as a part of 'Other operating revenue'.
- 1.9. Provisions, Contingent Liabilities and Contingent Assets:
  - i. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.
  - ii. Disclosure for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
  - iii. Contingent Assets are neither recognised nor disclosed in the financial statement.

	31st March, 2014	31st March, 2013
	₹	₹
<b>Note 2</b>		
<b>Share capital</b>		
<b>Authorised</b>		
3,49,66,001 equity shares of ₹ 1 each	3,49,66,001	3,49,66,001
(Previous year 3,49,66,001 equity shares of ₹ 1 each)		
<b>Issued</b>		
1,83,43,984 equity shares of ₹ 1 each	1,83,43,984	1,83,43,984
(Previous year 1,83,43,984 equity shares of ₹ 1 each)		
<b>Subscribed and paid-up</b>		
1,83,37,111 equity shares of ₹ 1 each	1,83,37,111	1,83,37,111
(Previous year 1,83,37,111 equity shares of ₹ 1 each)		
Add: Amount received on 6,873 (Previous year 6,873) forfeited equity shares	6,873	6,873
	<u>1,83,43,984</u>	<u>1,83,43,984</u>
	<b><u>1,83,43,984</u></b>	<b><u>1,83,43,984</u></b>
a. There was no change in number of shares at the beginning and at the end of the reporting period.		
<b>b. Shares held by associates</b>		
Out of equity shares issued by the Company, shares held by its associates are as below:		
Pidilite Industries Ltd.		
74,51,540 (previous year 74,51,540) shares of ₹ 1 each fully paid	74,51,540	74,51,540
Percentage of shareholding	40.64%	40.64%
<b>c. Details of shareholders holding more than 5% shares in the Company</b>		
No shareholder, other than stated above in Note 2 (b), was holding more than 5% shares in the Company as at 31st March, 2014 and as at 31st March, 2013.		
<b>Note 3</b>		
<b>Reserves &amp; surplus</b>		
<b>Capital reserves</b>		
	54,46,752	54,46,752
<b>General reserve</b>		
Balance as per last financial statements	8,42,40,204	7,72,40,204
Add: amount transferred from surplus balance in the statement of profit and loss	<u>80,00,000</u>	<u>70,00,000</u>
<b>Closing balance</b>	9,22,40,204	8,42,40,204
<b>Surplus/(deficit) in the statement of profit &amp; loss</b>		
Balance as per last financial statements	9,46,08,175	5,94,10,518
Add: Profit for the year	7,48,53,459	5,93,60,460
Less: Appropriations		
Proposed final equity dividend [(amount ₹ 1/-per share (previous year ₹ 0.80 per share)]	1,83,37,111	1,46,69,689
Tax on proposed equity dividend	31,16,392	24,93,114
Transfer to General Reserve	<u>80,00,000</u>	<u>70,00,000</u>
<b>Net surplus/(deficit) in the statement of profit and loss</b>	<u>14,00,08,131</u>	<u>9,46,08,175</u>
	<b><u>23,76,95,087</u></b>	<b><u>18,42,95,131</u></b>





	31st March, 2014	31st March, 2013
	₹	₹
<b>Note 4</b>		
<b>Long-term borrowings</b>		
<b>Unsecured borrowings</b>		
Deferred sales tax loan (Repayment due on 30th April, 2017)	49,47,308	49,47,308
	<u>49,47,308</u>	<u>49,47,308</u>
<b>Note 5</b>		
<b>Other long-term liabilities</b>		
<b>Others</b>		
VAT/CST payable	17,43,815	17,43,815
	<u>17,43,815</u>	<u>17,43,815</u>
<b>Note 6</b>		
<b>Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for leave benefits	4,02,088	5,34,650
<b>Others</b>		
Provision for taxation (net of advance income-tax)	-	6,96,007
	<u>4,02,088</u>	<u>12,30,657</u>
<b>Note 7</b>		
<b>Trade Payables</b>		
Micro, Small and Medium Enterprises (Refer Note 25)	-	-
Others	73,72,91,261	42,99,22,343
	<u>73,72,91,261</u>	<u>42,99,22,343</u>
<b>Note 8</b>		
<b>Other current liabilities</b>		
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	17,97,868	12,71,768
<b>Others</b>		
VAT/CST payable	85,59,360	47,87,638
TDS payable	2,47,289	2,80,636
Other Liabilities	1,46,42,239	1,62,52,977
	<u>2,52,46,756</u>	<u>2,25,93,019</u>
<b>Note 9</b>		
<b>Short-term provisions</b>		
<b>Others</b>		
Provision for taxation (net of advance income-tax)	1,06,87,632	-
Proposed dividend on equity share capital	1,83,37,111	1,46,69,689
Tax on proposed equity dividend	31,16,392	24,93,114
	<u>3,21,41,135</u>	<u>1,71,62,803</u>
	<u>3,21,41,135</u>	<u>1,71,62,803</u>

**Note 10****Tangible Assets**

Tangible assets	Gross block (At cost)			Accumulated depreciation			Net block		
	Balance as at 1.4.2013	Additions/ (disposal)	Balance as at 31.03.2014	Balance as at 31.3.2013	Charge for the year	On disposal	Balance as at 31.03.2014	Balance as at 31.03.2014	Balance as at 31.3.2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	18,57,310	-	18,57,310	-	-	-	-	18,57,310	18,57,310
Equipments	6,56,361	-	6,56,361	1,53,286	31,177	-	1,84,463	4,71,898	5,03,075
Furniture & fixtures	25,000	32,951	57,951	5,738	2,521	-	8,259	49,692	19,262
<b>Total</b>	<b>25,38,671</b>	<b>32,951</b>	<b>25,71,622</b>	<b>1,59,024</b>	<b>33,698</b>	<b>-</b>	<b>1,92,722</b>	<b>23,78,900</b>	<b>23,79,647</b>
Previous Year	25,38,671	-	25,38,671	1,26,084	32,940	-	1,59,024	23,79,647	

**31st March, 2014**  
₹

**31st March, 2013**  
₹

**Note 11****Long-term loans and advances****Other loans and advances****Advances recoverable in cash or in kind or for value to be received**

Unsecured, considered good 12,89,056 9,64,946

**Balances with statutory/government authorities**

VAT refund receivable 75,05,581 75,05,581

Advance income-tax (net of provision for taxation) 9,33,111 -

Deposits (Unsecured, considered good) 10,00,000 10,00,000

Loans to employees - 47,765

**1,07,27,748** **95,18,292**

**Note 12****Current Investments (valued at cost)****Unquoted mutual fund**

Birla Sun Life Savings Fund Growth Option 5,09,87,741 7,50,00,000

[ 209660.472 units (previous year 336456.342 units)]

**5,09,87,741** **7,50,00,000**

**Note 13****Inventories (valued at cost or market value whichever is lower)**

Traded goods (including stock-in-transit ₹ 35,10,13,292) 35,99,83,494 20,69,26,464

(previous year ₹ Nil)

**35,99,83,494** **20,69,26,464**



	31st March, 2014	31st March, 2013
	₹	₹
<b>Note 14</b>		
<b>Trade receivables</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	4,41,473	9,28,130
<b>Other receivables</b>		
Unsecured, considered good	52,50,55,750	33,03,88,466
	<u>52,54,97,223</u>	<u>33,13,16,596</u>
<b>Note 15</b>		
<b>Cash and bank balances</b>		
<b>Cash &amp; cash equivalents</b>		
<b>Balances with banks</b>		
In current accounts	6,71,20,540	1,14,40,296
In unpaid dividend accounts	<u>17,97,867</u>	<u>19,81,899</u>
	6,89,18,407	1,34,22,195
Cash on hand	80,248	85,271
	<u>6,89,98,655</u>	<u>1,35,07,466</u>
<b>Note 16</b>		
<b>Short-term loans and advances</b>		
<b>Other loans and advances</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Unsecured, considered good	14,24,160	31,56,178
<b>Balances with statutory/government authorities</b>		
SAD refund receivable	3,76,45,605	3,80,59,869
Advance income-tax (net of provision for taxation)	-	2,93,916
Prepaid expenses	1,78,845	1,00,237
Loans to employees	47,765	41,760
Deposits (Unsecured, considered good)	15,000	8,000
	<u>3,93,11,375</u>	<u>4,16,59,960</u>
<b>Note 17</b>		
<b>Revenue from operations</b>		
<b>Sale of products (traded goods)</b>		
Vinyl Acetate Monomer	2,84,95,54,610	2,34,97,02,263
<b>Other operating revenue</b>		
Discount received	7,81,75,393	8,56,84,247
Insurance claims received	98,953	2,40,664
	<u>2,92,78,28,956</u>	<u>2,43,56,27,174</u>

	31st March, 2014 ₹	31st March, 2013 ₹
<b>Note 18</b>		
<b>Other income</b>		
Interest income on Deposit	1,20,000	1,20,000
Net gain on sale of current investments	89,14,967	81,37,793
<b>Miscellaneous income</b>		
Miscellaneous receipts	13,29,018	1,00,249
	<u>1,03,63,985</u>	<u>83,58,042</u>
<b>Note 19</b>		
<b>Purchase of traded goods</b>		
Vinyl Acetate Monomer	2,88,33,75,942	2,34,84,50,427
	<u>2,88,33,75,942</u>	<u>2,34,84,50,427</u>
<b>Note 20</b>		
<b>(Increase)/Decrease in inventories of traded goods</b>		
Inventories at the beginning of the year	20,69,26,467	14,61,54,243
Less: Inventories at the end of the year	35,99,83,494	20,69,26,464
	<u>(15,30,57,027)</u>	<u>(6,07,72,221)</u>
<b>Note 21</b>		
<b>Employee benefits expenses</b>		
Salary, wages, allowances, bonus etc.	1,51,43,040	1,33,43,166
Contribution to provident and other funds	1,18,193	5,38,462
Staff welfare expenses	3,10,023	2,77,925
	<u>1,55,71,256</u>	<u>1,41,59,553</u>
<b>Note 22</b>		
<b>Finance costs</b>		
Interest expense	5	305
Interest under Income Tax Act	76,500	2,40,084
Bank charges	2,94,962	19,63,457
	<u>3,71,467</u>	<u>22,03,846</u>
<b>Note 23</b>		
<b>Other expenses</b>		
Insurance	5,87,751	4,36,520
Repairs to others	39,341	32,577
Printing and stationery	24,654	23,489
Postage and telephone	1,58,964	1,25,810
Travelling and conveyance	5,94,772	5,90,382
Motor car expenses	2,56,030	1,52,996
Commission on sales	-	87,534
Selling expenses	35,36,910	31,00,541
Directors' sitting fees	2,26,000	2,14,000
Commission to non-executive directors	4,00,000	3,87,500
Payments to auditor (refer details below)	2,05,619	1,98,463
Exchange loss on foreign currency transactions and translation (net)	6,23,70,582	3,92,09,198
Miscellaneous expenses	1,01,89,186	73,34,589
	<u>7,85,89,809</u>	<u>5,18,93,599</u>
<b>Payments to auditor</b>		
<b>As auditor</b>		
Audit fee	56,180	57,210
Tax audit fee	28,090	28,605
Limited review	33,708	33,914
<b>In other capacity</b>		
For taxation matters	56,180	56,180
For other services (certification fees)	31,461	22,554
	<u>2,05,619</u>	<u>1,98,463</u>



	31st March, 2014 ₹	31st March, 2013 ₹
<b>24. Contingent liabilities</b>		
Guarantees	1,10,85,000	1,10,85,000
<b>25. Details of dues to micro and small enterprises</b>		
The Company did not have any time during the year, amount due to small and medium enterprises (SME) which is outstanding for more than 45 days. Further, no interest is paid/payable to such SME creditors. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>26. Related party disclosure:</b>		
<b>Names of related parties and relationship:</b>		
i. Pidilite Industries Ltd. - Holds 40.64 % of equity shares of the Company		
ii. Key management personnel - Shri M.B.Parekh, Chairman and Managing Director		
iii. Other Directors - Sarva Shri N.K. Parekh, R.M. Gandhi, A.D. Mavinkurve & Smt.Y.J. Mogrelia		
iv. <b>Transactions with related party are as follows:</b>		
a. Sales and related income	2,37,00,72,199	2,04,66,57,788
b. Sitting fees to directors	2,26,000	2,14,000
c. Commission to directors	4,00,000	3,87,500
d. Commission to managing director	55,00,000	42,15,000
e. Reimbursements made	10,99,833	9,84,545
f. Outstanding balance:		
Debtors	34,44,43,749	20,88,12,563
Except 26(iv)(b), (c) & (d), the rest of the above transactions are with Pidilite Industries Ltd.		
No amounts have been written off or written back during the year in respect of debts due from or to related parties.		
<b>27. Earnings per share (EPS)</b>		
<b>Computation for both basic and diluted earnings per share of ₹ 1 each (previous year ₹ 1/- each) :</b>		
a. Profit as per statement of profit & loss available for equity shareholders	7,48,53,459	5,93,60,460
b. Number of equity shares for basic and diluted earnings per share computation	1,83,37,111	1,83,37,111
c. Basic and diluted earnings per share (₹)	4.08	3.24
<b>28. Segment information</b>		
The Company's current business activity has only one primary reportable segment, namely trading in chemicals.		
<b>29. Gratuity</b>		
The following table sets out the status of the Gratuity Plan as required under AS 15 (Revised) :		
<b>Statement showing changes in present value of obligations</b>		
Present value of obligations as at the beginning of the year	17,23,907	13,93,952
Interest cost	1,42,222	1,21,971
Current service cost	1,14,882	94,263
Benefits paid	-	-
Actuarial (gain)/loss on obligations	(3,45,929)	1,13,721
Present value of obligations as at the end of the year	16,35,082	17,23,907
<b>Statement showing changes in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	26,88,853	24,55,033
Expected return on plan assets	2,33,930	2,11,133
Contribution	10	8,477
Actuarial gain/(loss) on plan assets	1,345	14,210
Fair value of plan assets at the end of the year	29,24,138	26,88,853

	31st March, 2014 ₹	31st March, 2013 ₹
<b>Percentage of each category of Plan Assets to total fair value of plan assets</b>		
Administered by Life Insurance Corporation of India	29,24,138	26,88,853
<b>Actuarial gain/(loss) recognized</b>		
Actuarial gain/(loss) for the year - obligation	3,45,929	(1,13,721)
Actuarial gain/(loss) for the year - plan assets	1,345	14,210
Total gain/(loss) for the year	3,47,274	(99,511)
Actuarial gain/(loss) recognized in the year	3,47,274	(99,511)
<b>The amounts to be recognized in the balance sheet</b>		
Present value of obligations as at the end of the year	16,35,082	17,23,907
Fair value of plan assets as at the end of the year	29,24,138	26,88,853
Funded status	12,89,056	9,64,946
Net Asset/(Liability) recognized in balance sheet	12,89,056	9,64,946
<b>Expenses recognised in statement of profit &amp; loss</b>		
Current service cost	1,14,882	94,263
Interest cost	1,42,222	1,21,971
Expected return on plan assets	2,33,930	2,11,133
Net Actuarial (gain)/loss recognised in the year	(3,47,274)	99,511
Expenses/(income) recognised in statement of profit & loss	(3,24,100)	1,04,612
<b>30. Deferred taxation</b>		
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting:		
Balance as per last financial statement	69,365	62,753
Charge/(Credit) during the year	4,337	6,612
<b>Closing balance</b>	<b>73,702</b>	<b>69,365</b>
The above working of deferred tax is based on assessment orders where assessments are completed and on return of income in other cases		
<b>31. Unhedged foreign currency exposure</b>		
a. Details of forward contracts outstanding as at the balance sheet date:		
<b>Particulars</b>	<b>Purpose</b>	
US\$ 81,97,818 (previous year US\$ 52,38,434)	Import of trading goods	50,71,15,685      28,83,03,809
b. Details of unhedged foreign currency exposure as at the balance sheet date:		
<b>Particulars</b>	<b>Purpose</b>	
US\$ 40,57,816 (previous year US\$ 21,16,963)	Import trade payables	22,26,12,658      11,38,93,948



	31st March, 2014 ₹	31st March, 2013 ₹
<b>32. Expenditure in foreign currency</b>		
C.I.F. value of traded goods	2,61,63,71,527	2,03,89,94,796
<b>33. Earnings in foreign exchange</b>		
Insurance claims received	98,953	2,40,664
Rebate/Price adjustment received	7,81,75,393	8,56,84,247
	<u>7,82,74,346</u>	<u>8,59,24,911</u>
<b>34.</b> Previous year's figures have been regrouped wherever necessary.		
As per our report of even date		For and on behalf of the Board
<b>For D.A. Kothari &amp; Co.</b> Chartered Accountants Firm Reg. No.105299W	<b>P.C. Patel</b> President & Secretary	<b>M.B. Parekh</b> Chairman and Managing Director
<b>D.A. Kothari</b> Proprietor Mem.No.06301		<b>N.K. Parekh</b> Director
Mumbai Dated : 19 <sup>th</sup> May, 2014	Mumbai Dated : 19 <sup>th</sup> May, 2014	

## CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the company submits the following report:

### 1. Company's Philosophy on Code of Governance:

The Company is committed to good Corporate Governance and has complied in all material respects with the requirements specified in the Listing Agreement with the Stock Exchanges.

### 2. Board of Directors:

During the financial year 2013-2014, 4 Board Meetings were held on 24<sup>th</sup> May, 2013, 26<sup>th</sup> July, 2013, 28<sup>th</sup> October, 2013 and 27<sup>th</sup> January, 2014.

Details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting (AGM), number of other Directorships and other Committee memberships are given below:

Sr. No.	Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships as on 31 <sup>st</sup> March, 2014 in other companies *	No. of committee positions held in other companies @	
						Memberships	Chairmanships
1.	Shri M.B. Parekh (Chairman & Managing Director)	ED (P)	4	Yes	9	1	-
2.	Shri N.K. Parekh	NED (P)	1	Yes	10	1	-
3.	Shri R.M. Gandhi	NED (I)	4	Yes	4	1	3
4.	Smt. Y.J. Mogrelia	NED (I)	4	Yes	-	-	-
5.	Shri A.D. Mavinkurve	NED (I)	4	Yes	1	-	-

\* Includes Directorships in Private Limited Companies and Section 25 Companies

@ Includes position in Audit Committee and Shareholders/Investors Grievance Committee only

ED(P) – Executive Director, Promoter, NED(P) – Non Executive Director, Promoter; NED (I) – Non Executive Director, Independent.

### 3. Audit Committee:

During the financial year 2013-2014, 4 meetings of the Committee were held on 24<sup>th</sup> May, 2013; 26<sup>th</sup> July, 2013; 28<sup>th</sup> October, 2013 and 27<sup>th</sup> January, 2014.

Details of composition of the Committee and attendance of the members at the meetings are given below:

Sr. No.	Name	Designation	Category	No. of Meetings attended
1.	Shri R.M. Gandhi	Chairman	NED (I)	4
2.	Smt. Y.J. Mogrelia	Member	NED (I)	4
3.	Shri M.B. Parekh *	Member	ED (P)	4

\* Appointed as a Member of the Committee w.e.f. 10<sup>th</sup> May, 2013

The Company Secretary is the Secretary of the Committee. Heads of Accounts, Internal Auditors and Statutory Auditors are also invited to attend the Meetings.

The powers and terms of reference of the Committee are as mentioned in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 177 of the Companies Act, 2013 (corresponding to Section 292A of the Companies Act, 1956).

### 4. Remuneration Committee:

In terms of the provisions of Section 178 of the Companies Act, 2013, the Company has renamed the Committee as Nomination & Remuneration Committee and its terms of reference have been suitably amended. The Committee's constitution and terms of reference are in compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee did not meet during the year as there was no matter to be dealt with by the Committee.





Details of composition of the Committee are given below:

Sr. No.	Name	Designation	Category
1.	Shri R.M. Gandhi	Chairman	NED (I)
2.	Smt. Y.J. Mogrelia	Member	NED (I)
3.	Shri A.D. Mavinkurve	Member	NED (I)

Shri M.B. Parekh is the Managing Director having tenure of 5 years w.e.f. 1<sup>st</sup> April, 2012. The Commission payable to Shri M.B. Parekh for the financial year 2013-2014 is ₹ 55,00,000.

Notice period for the Managing Director is as applicable to the senior employees of the Company. No severance fee is payable to the Directors on termination of employment. The Company does not have a scheme for stock options for the Directors or the employees.

The details of sitting fees paid for attending the Board/Committee meetings and commission payable to the Non Executive Directors for the financial year ended 31<sup>st</sup> March, 2014 are as follows:

Sr. No.	Name	Sitting Fees (₹)	Commission (₹)	Total (₹)
1.	Shri N.K. Parekh	40,000	1,00,000	1,40,000
2.	Shri R.M. Gandhi	84,000	1,00,000	1,84,000
3.	Smt. Y.J. Mogrelia	60,000	1,00,000	1,60,000
4.	Shri A.D. Mavinkurve	42,000	1,00,000	1,42,000

The number of equity shares of face value of ₹ 1 each of the Company held by Non Executive Directors as on 31<sup>st</sup> March, 2014 are as follows:

Shri N.K. Parekh - 75,951; Shri R.M. Gandhi - 2,700; Smt. Y.J. Mogrelia - 300 and Shri A.D. Mavinkurve - Nil.

#### 5. Shareholders/Investors Grievance Committee:

During the financial year 2013-2014, 12 meetings of the Share Transfer Committee were held and 1 meeting of the Shareholders/Investors Grievance Committee was held on 10<sup>th</sup> January, 2014, which was attended by all Members of the Committee.

Details of composition of the Shareholders/Investors Grievance Committee are given below:

Sr. No.	Name	Designation	Category
1.	Shri A.D. Mavinkurve	Chairman	NED (I)
2.	Shri R.M. Gandhi	Member	NED (I)
3.	Shri N.K. Parekh *	Member	NED (P)

\* Appointed as a Member w.e.f. 24<sup>th</sup> May, 2013

The Committee has the power to look into redressal of shareholders/investors complaints such as non-receipt of shares sent for transfer, non-receipt of dividends/Annual Reports etc.

In terms of the provisions of Section 178 of the Companies Act, 2013, the Company has renamed the Committee as "Stakeholders Relationship Committee".

The Secretarial Department of the Company, under the supervision of Shri P.C. Patel, President & Secretary and Shri K.S. Krishnan, Additional Secretary, who is nominated as the "Compliance Officer" as required by Securities & Exchange Board of India (SEBI)/ Listing Agreement and M/s. TSR Darashaw Pvt. Ltd., Registrar & Transfer Agents, attend to all Shareholders/Investors Grievances received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs and Registrar of Companies.

Barring certain cases pending with Courts, the Company/TSR Darashaw Pvt. Ltd. have attended to all the Shareholders/Investors grievances/correspondences generally within a period of 15 days from the date of receipt.

The total number of letters received from the shareholders were 1021 of which 24 were in the nature of complaints. All the letters have been replied to and all the complaints have been solved to the satisfaction of shareholders. No requests for transfer of shares or dematerialisation were pending for approval as on 31<sup>st</sup> March, 2014.

The Company has framed a Code of Internal Procedure and Conduct for Prevention of Insider Trading on the lines of the model code specified by SEBI. Shri P.C. Patel, President & Secretary is the Compliance Officer for the purpose.

## 6. General Body Meetings:

Details of Location, Date and Time of the AGM held during the last three years are given below:

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2012-2013	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K.Dubash Marg, Mumbai 400 001	26 <sup>th</sup> July, 2013 at 11.00 a.m.	Nil
2011-2012	Rangswar Hall, Y.B. Chavan Centre, Gen. J. Bhosale Marg, Mumbai 400 021	26 <sup>th</sup> July, 2012 at 12.00 noon	Nil
2010-2011	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K.Dubash Marg, Mumbai 400 001	28 <sup>th</sup> July, 2011 at 12.00 noon	Approval for payment of commission to Directors other than Managing Director u/s 309 of the Companies Act, 1956

No Special Resolution was put through postal ballot during the last year. At the ensuing AGM, there is no resolution proposed to be passed through postal ballot.

## 7. Disclosures:

- There were no materially significant related party transactions, which had potential conflict with the interest of the Company at large.
- The Company has complied with all requirements of the Listing Agreement with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authority on any matter related to capital markets during the last 3 years.
- The Company has complied with all applicable mandatory requirements of Clause 49 and it has also constituted a Remuneration Committee.

## 8. Means of Communication:

The quarterly results of the Company are normally published in Free Press Journal (English) and Navshakti (Marathi). The results are also displayed on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com).

## 9. Information for Shareholders:

Detailed information in this regard is provided in the "Information for Shareholders" section, appearing in the Annual Report.

## 10. Information on Directors:

Information relating to Directors seeking re-appointment as required under Clause 49(IV)(G)(i) of the Listing Agreement is given in the Notice of AGM.

## 11. Declaration by the Managing Director under Clause 49(1)(D)(ii):

Declaration by the Managing Director of the Company under Clause 49(1)(D)(ii) of the Listing Agreement with Stock Exchanges is given below:

"Pursuant to Clause 49(1)(D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2014."



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
Vinyl Chemicals (India) Limited

We have examined the compliance of conditions of Corporate Governance by Vinyl Chemicals (India) Limited for the year ended 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**D.A. KOTHARI & CO.**

**D.A. KOTHARI**  
PROPRIETOR  
Membership No. 6301

Mumbai  
Dated: 28<sup>th</sup> July, 2014

**INFORMATION FOR SHAREHOLDERS****1. Annual General Meeting:**

**Day, Date & Time** : Wednesday, 24<sup>th</sup> September, 2014 at 11.00 a.m.

**Venue** : Kamalnayan Bajaj Hall, Bajaj Bhavan,  
Jamnalal Bajaj Marg, Nariman Point,  
Mumbai 400 021.

**2. Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March**3. Book Closure Date** : 10<sup>th</sup> September, 2014 to 24<sup>th</sup> September, 2014 (both days inclusive)**4. Dividend Payment :**

Dividend will be paid on or after 26<sup>th</sup> September, 2014, subject to the approval of the shareholders at the Annual General Meeting, to those shareholders whose names appear in the Register of Members of the Company on the date of the Annual General Meeting i.e. 24<sup>th</sup> September, 2014.

**5. Listing of shares on Stock Exchanges:**

The equity shares of the Company are listed on BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The Annual Listing fee for the financial year 2014-2015 has been paid to BSE & NSE.

**6. Stock Codes:**

Name of the Stock Exchange	Stock Code
BSE	524129
NSE	VINYLINDIA

**7. Market Price Data:**

During the financial year 2013-2014, the share prices for one equity share of face value of Re.1 each of the Company at BSE and NSE were as under:

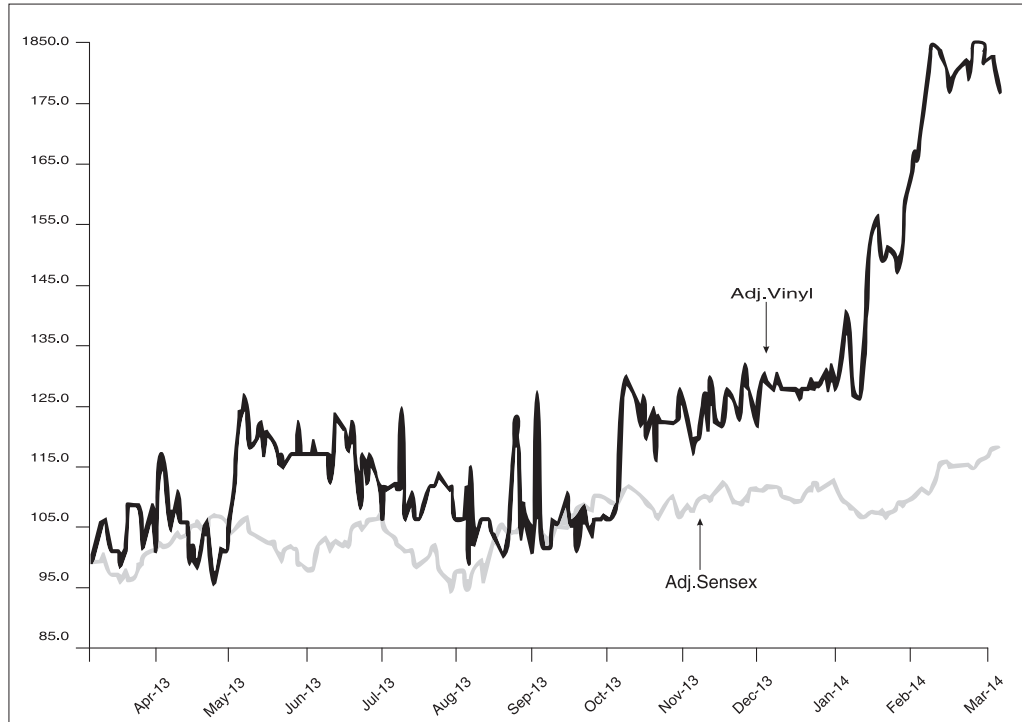
Month & Year	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2013	10.99	8.70	10.00	8.65
May, 2013	12.35	8.61	NA	NA
June, 2013	11.80	10.25	NA	NA
July, 2013	11.90	10.00	NA	NA
August, 2013	11.79	9.00	NA	NA
September, 2013	11.95	9.10	NA	NA
October, 2013	12.43	9.01	NA	NA
November, 2013	12.25	10.50	NA	NA
December, 2013	12.66	11.00	NA	NA
January, 2014	13.79	11.61	13.70	11.60
February, 2014	16.30	11.57	16.25	11.50
March, 2014	18.60	16.10	18.85	15.50

Note: There was no trading of the Company's shares in NSE during the period May 2013 to December 2013.



## 8. Stock Performance:

During the financial year 2013-2014, the performance of the equity share of face value of ₹ 1 each of the Company in comparison to the BSE Sensex is given in the chart below:



## 9. Registrar and Transfer Agents:

TSR Darashaw Pvt. Ltd.  
 Unit: Vinyl Chemicals (India) Ltd.  
 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road,  
 Mahalaxmi, Mumbai 400 011  
 Tel: (022) 6656 8484; Fax: (022) 6656 8494  
 E-mail: csg-unit@tsrdarashaw.com  
 Website: www.tsrdarashaw.com

## 10. Share Transfer System:

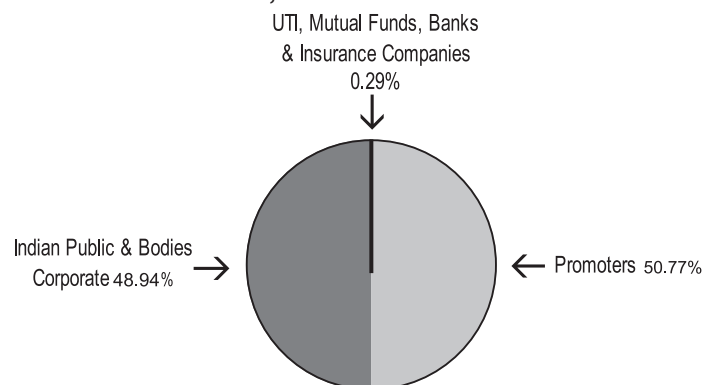
The Company has delegated the authority to approve shares received for transfer in physical form as under:

No. of shares	Authorisation given to
Upto 25000	TSR Darashaw Pvt. Ltd.
Upto 50000	Shri M.B. Parekh, Managing Director or in his absence, the Company Secretary
Above 50000	Share Transfer Committee comprising of the Directors viz. Sarva Shri N.K. Parekh, R.M. Gandhi and M.B. Parekh

Presently the share transfers which are received in physical form are processed and the share certificates, duly transferred, are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

**11. Distribution of Shareholding as on 31<sup>st</sup> March, 2014:**

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 5000	19357	98.94	6187866	33.74
5001 – 10000	106	0.54	783598	4.27
10001 – 20000	45	0.23	623596	3.40
20001 – 30000	24	0.12	605799	3.30
30001 – 40000	9	0.05	318793	1.74
40001 – 50000	8	0.04	362257	1.98
50001 – 100000	9	0.05	657538	3.59
100001 and above	6	0.03	8797664	47.98
<b>Total</b>	<b>19564</b>	<b>100.00</b>	<b>18337111</b>	<b>100.00</b>
No. of shareholders and shares in physical mode	8026	41.02	1491763	8.14
No. of beneficial owners and shares in electronic mode	11538	58.98	16845348	91.86
<b>Total</b>	<b>19564</b>	<b>100.00</b>	<b>18337111</b>	<b>100.00</b>

**12. Shareholding Pattern as on 31<sup>st</sup> March, 2014:****13. Dematerialisation of shares & liquidity:**

As on 31<sup>st</sup> March, 2014, 1,68,45,348 (91.86%) equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's equity shares are required to be compulsorily traded in dematerialised form. The shares are available for dematerialisation under ISIN INE 250B01029. Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt subject to the documents being valid and complete in all respects.

**14. Outstanding GDRs/ADRs/Warrants/Convertible Instruments:**

The Company has no outstanding GDRs/ADRs/Warrants or any Convertible instruments.

**15. Plant Locations: Nil****16. Address for Correspondence:****Registered Office:**

Regent Chambers, 7<sup>th</sup> Floor  
 Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai 400 021.  
 Tel: (022) 2282 2708; Fax: (022) 2204 3969  
 E-mail: cs.vinylchemicals@pidilite.com  
 Website: www.vinylchemicals.com



**17. Corporate Secretarial/Investors' Assistance Department:**

The Company's Secretarial Department headed by Shri P.C. Patel, President & Secretary, is situated at the Registered Office mentioned above. Investors may contact Shri P.C. Patel or Shri K.S. Krishnan at the Registered Office address for any assistance they may need.

**18. Disclosure under Clause 5A (II) of the Listing Agreement:**

Details of shares lying in Unclaimed Suspense Account of the Company as on 31<sup>st</sup> March, 2014 are as under:

<b>Particulars</b>	<b>No. of shareholders</b>	<b>No. of equity shares</b>
No. of shareholders & outstanding shares in Unclaimed Suspense Account at the beginning of the year	1,734	2,64,314
No. of requests received from shareholders for transfer of shares from Unclaimed Suspense Account during the year	9	2,965
No. of shareholders & shares transferred from Unclaimed Suspense Account to shareholders during the year	9	2,965
No. of shareholders & outstanding shares in Unclaimed Suspense Account at the end of the year	1,725	2,61,349



# Vinyl Chemicals (India) Ltd.

CIN: L24100MH1986PLC039837

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

Tel.: 022 2282 2708; Fax: 022 2204 3969; Website: www.vinylchemicals.com

## ATTENDANCE SLIP

Please fill in the Attendance Slip and hand it over at the entrance of the meeting hall. Joint shareholder(s) may obtain additional Slip on request.

D.P. Id \_\_\_\_\_

Folio No. \_\_\_\_\_

Client Id \_\_\_\_\_

No. of Shares held \_\_\_\_\_

### NAME OF THE SHAREHOLDER

### NAME OF THE PROXY

I hereby record my presence at TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company held on Wednesday, the 24th September, 2014 at 11.00 a.m at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

SIGNATURE OF THE MEMBER/PROXY



# Vinyl Chemicals (India) Ltd.

CIN: L24100MH1986PLC039837

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

Tel.: 022 2282 2708; Fax: 022 2204 3969; Website: www.vinylchemicals.com

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies Management and Administration rules, 2014)

D.P. Id \_\_\_\_\_

Folio No. \_\_\_\_\_

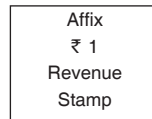
Client Id \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member(s) of Vinyl Chemicals (India) Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company held on Wednesday, the 24th September, 2014 at 11.00 a.m at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Audited Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended 31st March, 2014
2. Declaration of Dividend on Equity Shares
3. Re-appointment of Shri N. K. Parkeh as a Director
4. Appointment of Auditors
5. Appointment of Shri R. M. Gandhi as an Independent Director
6. Appointment of Smt. Y. J. Mogrelia as an Independent Director
7. Appointment of Shri A. D. Mavinkurve as an Independent Director
8. Increase in the borrowing limits of the Company
9. Authority to Board of Directors for creation of charges & mortgages

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014



(Please sign across the stamp)

- NOTES:**
1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.
  2. The Proxy need not be a member of the Company.



