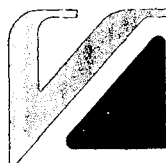


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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



Vinyl Chemicals (India) Ltd.

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11TH ANNUAL REPORT 1996-97





Vinyl Chemicals (India) Ltd.

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

Dated : August 4, 1997

Sub: Visit to Plant at Mahad by Shareholders.

1. Some Shareholders have requested in past to arrange for Plant visit.
2. It is proposed to arrange the visit around third week of October, 1997.
3. The Journey shall be from Mumbai proper to Mahad by Bus and it is of about 5 hours one way. The total time required including the visit to the Plant and for taking food will be around 12-14 hours. This means that the visit will take whole day from 7 a.m. to 9 p.m.
4. The visit is meant only for a single Shareholder and in case of Joint holder, only for one person out of them. Children shall not be permitted to accompany the Shareholders. In case you desire to visit the factory then kindly register your name by sending the tear-off portion of the form given below duly filled in latest by 30-09-97 to the company.
5. The actual date of visit and convenient pick up points will be intimated to you at an appropriate time.
6. The person travelling will be on his own risk and the company shall not be responsible for any accident, injury or untoward incident.

Date : _____

To

The Vice President & Secretary
Vinyl Chemicals (India) Ltd.,
Regent Chambers, 7th Floor,
Jamnalal Bajaj Marg,
208, Nariman Point,
MUMBAI 400 021.

Dear Sir,

Kindly register my name for the visit to Factory at Mahad which is likely to take place in the third week of October, 1997. I would like to avail the transport facility.

I am Vegetarian/Non vegetarian.

Name of the Shareholder : _____

Ledger Folio No. : _____

Address of the Shareholder : _____

Signature of the Shareholder : _____





Vinyl Chemicals (India) Ltd.

NOTICE

Notice is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the members of the company will be held in Kamalnayan Bajaj Hall, Bajaj Bhavan, Jammalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Tuesday the 16th September, 1997 at 11.00 a.m. to transact the following business :

Ordinary Business :

1. To receive and adopt the Profit and Loss Account for the year ended on 31st March, 1997 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri N. K. Parekh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri B. K. Parekh who retires by rotation and being eligible offers himself for re-appointment.

Special Business :

5. To consider and if thought fit, to pass, with or without modification, the following resolutions as Ordinary Resolutions:

A. "RESOLVED THAT M/s. D. A. Kothari & Co., Chartered Accountants, Mumbai be and are hereby re-appointed as Joint Auditors of the company to audit the accounts for the financial year 1997 - 98 from the conclusion of this meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by Shri S.K.Parekh, a Director or any other Director in consultation with them and that they be entitled to out of pocket expenses and other charges in respect of services rendered in other capacity."

B. "RESOLVED THAT M/s. Haribhakti & Co., Chartered Accountants, Mumbai be and are hereby appointed as Joint Auditors of the company, in place of M/s. Arvind P. Dalal & Associates who have requested the company not to consider their name for re-appointment at the ensuing Annual General Meeting due to the changing focus of their practice, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on payment of such remuneration as may be decided by Shri S. K. Parekh, a Director or any other Director in consultation with them and that they be entitled to out of pocket expenses and other charges in respect of services rendered by them in other capacity."

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

"RESOLVED THAT Shri A. K. Basu Roy who was appointed as an Additional Director of the company by the Board of Directors and who holds office upto the date of ensuing Eleventh Annual General Meeting and in respect of whom the company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and in accordance with conditions specified in Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Shri A. K. Basu Roy, Designated as Director (Factories Operations) be paid remuneration with effect from 1.2.1997 for a period of 3 years as set out in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to increase the Salary and perquisites to Shri A. K. Basu Roy upto in aggregate Rs.30,000/- per month."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year Shri A. K. Basu Roy shall be paid the above remuneration by way of Salary and Perquisites as minimum remuneration."



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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 316, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, consent of the members be and is hereby granted for appointment of Shri M. B. Parekh as the Managing Director of the company for a period of 5 years with effect from 1.4.1997 upon the terms and conditions and payment of remuneration as set out in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT Shri M. B. Parekh, the Managing Director be in charge of general management of the company within the provisions of Articles of Association but subject to superintendence, control and direction of the Board of Directors."

"RESOLVED FURTHER THAT the remuneration by way of salary, perquisites and commission payable to Shri M. B. Parekh, Managing Director shall not exceed the amount specified in Section I and Section III of Part II of Schedule XIII in any financial year or such higher percentage / ceilings as may be provided therein from time to time."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Managing Director, he shall be paid minimum remuneration by way of salary, perquisites and benefits as specified in Section II of Part II of Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT Shri M. B. Parekh will be a non rotational Director and shall not be liable to retire by rotation during his term as a Managing Director."

"RESOLVED FURTHER THAT the Managing Director shall be entitled to reimbursement of all expenses incurred for the purpose of business of the company and shall not be entitled to any sitting fees for attending meeting of Board of Directors and Committee(s) thereof."

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

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Register of Members, the Index of Members, the Register of Debentureholders, the Index of Debentureholders and copies of all annual returns prepared under section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, be kept at the office of M/s. Tata Share Registry Ltd. (TSRL), the Registrar and Share Transfer Agents of the company presently situated at Shalaka, Queen's Barrack Area, Near Cooperage Telephone Exchange, Maharshi Karve Road, Mumbai 400 021 or at such other place(s) as they may specify instead of now being kept at M/s. Tata Consultancy Services (TCS) as approved by the company from such date as may be decided by the Managing Director in consultation with TSRL and if required TCS."

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one percent per annum of the net profits of the company, calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956 be paid to and distributed amongst the Directors of the company or some or any of them (other than the Managing Director and other Wholtime Directors of the company) in such amounts, subject to such ceiling/s and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the company for each year for the period of five years commencing 1st April, 1997."

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

"RESOLVED THAT pursuant to Section 372 and other applicable provisions of the Companies Act, 1956, and subject to the approval, where necessary, of the prescribed authorities being obtained and subject to such terms, conditions, Rules and guidelines as may be in force from time to time and as may be prescribed by the



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said authorities while granting such approval, the Board of Directors of the Company be and is hereby authorised to invest such amounts in excess of the limits prescribed under section 372 of the Companies Act, 1956 in the shares of any body or bodies corporate including overseas bodies corporate, joint ventures and subsidiaries as the Board of Directors may deem fit, provided that the aggregate of such investments together with the investments already made by the Company shall not exceed Rs.20 Crores (Rupees Twenty Crores) or such higher amount as may be permitted under Companies Act from time to time."

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to do all such acts, deeds, matter and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by the Directors to be in the best interests of the company."

BY ORDER OF THE BOARD OF DIRECTORS

P.C. PATEL

VICE PRESIDENT

(Finance & Commercial)

& SECRETARY

Registered Office :

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

Dated : 17th June, 1997

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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 OF THE COMPANY. The proxies, to be effective, should be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members will be closed from Tuesday the 2nd September, 1997 to Tuesday the 16th September, 1997 both days inclusive. The Transfer Books of the company will also remain closed for the aforesaid period.
3. An Explanatory Statement as required u/s 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. The dividend on Shares as recommended by the Directors when declared at the Annual General Meeting will be paid to those shareholders whose names appear on the Register of Members of the company on 16th September, 1997.
5. Members are requested to inform the company or to the Registrars and Transfer Agents, any change in their addresses immediately so as to enable the company to despatch dividend warrants and any future communication at their correct addresses.
6. Those members who are desirous of having their bank account details on the Dividend Warrants so as to avoid any incidence of fraudulent encashment, should give details (**if not given in the past**) the Account Number, Type of Account - Saving (SB) or Current (CA), Name and address of the Bank, in which they intend to deposit the Dividend Warrant, to the Registrar and Share Transfer Agents, M/s. Tata Consultancy Services, Lotus House, Sir V. Thackersey Marg, Mumbai 400 020 on or before 30.8.1997.
7. For the convenience of Members and for proper conduct of the meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to append their signatures at the place provided on the Attendance Slip and hand it over at the entrance.
8. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.



9. Members are requested to send their queries if any, at least ten days in advance to the Registered Office, so that the information can be made available at the meeting.
10. No Income-tax will be deducted from the Dividend as per the new provisions of Income-tax Act, 1961. The company shall pay necessary tax on dividend.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5 :

M/s. Arvind P. Dalal & Associates, Chartered Accountants, Mumbai, the present Joint Auditors of the company have expressed their unwillingness to continue as Joint Auditors of the company after conclusion of this Annual General Meeting due to the changing focus of their practice. M/s. Haribhakti & Co., Chartered Accountants, Mumbai have given their consent for appointment as Joint Auditors of the company in place of M/s. Arvind P. Dalal & Associates. Members approval is required for re-appointment of M/s. D. A. Kothari & Co., Chartered Accountants, Mumbai and appointment of M/s. Haribhakti & Co., Chartered Accountants as Joint Auditors of the company.

Directors recommend the Resolution for members approval.

None of the Directors of the company is interested in this resolution.

Item No. 6 :

Shri A. K. Basu Roy was appointed as an additional Director of the company by the Board of Directors at their meeting held on 22.1.1997. He holds his position as a Director till this meeting. Under Section 257 of the Companies Act, 1956, the company has received a Notice from a member alongwith deposit of Rs.500/- signifying his intention to propose candidature of Shri A. K. Basu Roy, as a Director of the company liable to retire by rotation. Shri A. K. Basu Roy is an experienced technocrat and was associated with the company's Mahad plant in the past. It will be in the interest of the company to avail his services. The Board of Directors recommend the appointment of Shri A. K. Basu Roy as a Director.

Except Shri A. K. Basu Roy, no other Director is interested in this Resolution.

Item No. 7 :

Shri A. K. Basu Roy has been appointed as an Additional Director of the company with effect from 22.1.1997. The Board has also appointed him as Director (Factories Operations), in overall charge of company's factory at MIDC, Mahad with effect from 1.2.1997 for a period of 3 years subject to approval of the members at the General Meeting.

Subject to the limits prescribed in Part II of Schedule XIII of the Companies Act, 1956, Shri A. K. Basu Roy shall be paid the following remuneration effective from 1.2.1997 :

a. Salary : Rs.13,000/- per month

b. Perquisites :

Perquisites (including allowances) as under :

i. Housing :

House Rent Allowance - Rs.2,000/- per month

ii. LTA, Medical, Gas, Electricity, Furnishings, subject to an annual ceiling of Rs.36,000/-.

Perquisites shall be evaluated as per Income Tax Rules, where applicable.

Shri A. K. Basu Roy has been entrusted with due performance and discharge of all duties, obligations and responsibilities under the Factories Act, 1948 and Rules made thereunder.

Members approval is required for this appointment under Schedule XIII and other applicable provisions of the Companies Act, 1956. Directors recommend this Resolution for members approval.

Shri A. K. Basu Roy is interested as the above appointment pertains to him.



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Item No. 8 :

Shri M. B. Parekh has been associated with the company since its inception and had acted as its Managing Director during the period from 1.5.1989 to 30.4.1993 and also from 1.8.1995 to 20.2.1996. Board of Directors at their meeting held on 22.1.1997 have appointed him, subject to approval of members, as a Managing Director of the company for a period of 5 years from 1st April, 1997.

Shri M.B.Parekh is also Managing Director of M/s. Pidilite Industries Ltd. (Pidilite) drawing remuneration from Pidilite and shall hold the position of Managing Director of both Pidilite as well as the company.

Shri M. B. Parekh is a qualified Chemical Engineer [B.Chem.Engg.(Bom), M.S.Chem. Engg. (U.S.A)] and has experience in the industry for about 27 years. Subject to the limits prescribed in Section I & III of Part II of Schedule XIII of the Companies Act, 1956, the Managing Director shall be paid the following remuneration effective from 1.4.1997 :

- a. Salary : Rs.60,000/- per month in the scale of Rs.60,000 - Rs.10,000 - Rs.1,00,000
- b. Commission : @ 1/2% of Net Profit of the company for each financial year computed as per the provisions of Companies Act, 1956.

- c. Perquisites :

Perquisites (including allowances) as under :

- i. Housing : House Rent Allowance - 60% of salary.
- ii. LTA, Medical, Personal Accident Insurance, Gas, Electricity, Furnishings :

The aggregate amount of perquisites as per (i) and (ii) above shall be subject to a ceiling of annual salary. Perquisites shall be evaluated as per Income-tax Rules, where applicable.

- d. Other Benefits :

Other benefits include use of car (with driver), telephone at residence (Excepting personal long distance calls), contribution to Provident and Superannuation Funds and all other benefits as are applicable to Senior employees of the company (including but not limited to gratuity, leave entitlement, encashment of leave) in accordance with the schemes of the company.

Shri M.B.Parekh is a fit and proper person for the post of Managing Director. Considering his educational qualification and experience, the remuneration payable to him is fair and reasonable.

Members approval is required for the same under Schedule XIII and other provisions of the Companies Act, 1956. Directors recommend this resolution for members approval.

Shri M. B. Parekh, Managing Director is interested as the above appointment pertains to him.

Shri B. K. Parekh being relative of Shri M.B.Parekh is deemed to be concerned or interested in the same.

Item No. 9 :

The Board of Directors have, subject to approval of members, decided to appoint M/s. Tata Share Registry Ltd. (TSRL) as company's Registrar and Transfer Agents in place of M/s. Tata Consultancy Services (TCS). The company's Register of Members, Index of Members, Register of Debentureholders, Index of Debentureholders and other Returns, books, certificates and documents pertaining thereto shall be kept at the office of TSRL presently situated at Shalaka, Queen's Barrack Area, Near Cooperage Telephone Exchange, Maharshi Karve Road, Mumbai 400 021, or at such other place(s) as TSRL may specify instead of now being kept at the Office of TCS from such date as may be decided by the Managing Director of the company in consultation with TSRL and if required TCS. In terms of Section 163 of the Companies Act, 1956, approval of the members is required for the same.

The Directors recommend the resolution for members approval.

None of the Directors of the company is concerned or interested in this resolution.

Item No. 10 :

Section 309 of the Companies Act, 1956 permits the payment of remuneration to the Non-Wholtime Directors of a company by way of commission not exceeding one percent of the net profits of the company if the company



Vinyl Chemicals (India) Ltd.

authorises such payment by a Special Resolution. Presently, each of the Non-Wholetime Directors of the company is paid Sitting Fees at the rate of Rs.2,000/- for every Board Meeting and Rs.500/- for every meeting of Committee of the Board attended by him.

Considering the experience and expertise brought to bear by the Non-executive Directors on corporate decisions, it is appropriate that the Non-Wholetime Directors be compensated for the services rendered by them to the company.

It is therefore, proposed that commencing 1st April, 1997 for a period of five years, remuneration not exceeding 1% per annum of the net profits of the company calculated in accordance with the provisions of the Act, and subject to further appropriate ceiling/s be paid and distributed amongst the Non-Wholetime Directors of the company in accordance with the directions of the Board. Such payment will be in addition to the Sitting Fees for attending Board Meetings/Committee of Board Meetings.

All the Directors of the company except Shri M.B.Parekh, Managing Director and Shri A.K.Basu Roy, Director (Factories Operations) may be deemed to be concerned or interested in the resolution to the extent of the remuneration that may be received by them.

Item No. 11 :

With the opening up and globalisation of the Indian Economy, the Govt. of India has relaxed various controls and has given more opportunities for Indian Companies to invest in India and abroad. Your Company, is continuously exploring various business opportunities including investments.

It may be necessary to make such investments in shares of other bodies corporate (including overseas bodies corporate) in excess of the limits prescribed u/s. 372 of the Companies Act, 1956. It is therefore considered necessary to empower the Board of Directors to make such investments in excess of the said limits but, subject to the consent of the Appropriate Authorities and upto the aggregate amount specified in the resolution or such higher amount as may be permitted under Companies Act from time to time. The resolution is therefore, commended for approval by the members. None of the Directors is concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS

P.C. PATEL
VICE PRESIDENT
(Finance & Commercial)
& SECRETARY

Registered Office :

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

Dated : 17th June, 1997