



Vinyl Chemicals (India) Ltd.



14TH ANNUAL REPORT 1999-2000



Vinyl Chemicals (India) Ltd.

NOTICE

Notice is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of the members of the company will be held in Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai 400 021 on Tuesday the 1st August, 2000 at 11.00 a.m. to transact the following Ordinary business :

1. To receive and adopt the Profit and Loss Account for the year ended on 31st March, 2000 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report.
2. To appoint a Director in place of Shri A. K. Basu Roy who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Bansi S. Mehta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S. K. Parekh who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors for the current year to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

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

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

Date : 16th May, 2000

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 18th July, 2000 to Tuesday the 1st August, 2000 both days inclusive. The transfer books of the company will also remain closed for the aforesaid period.
3. Members are requested to inform the company or to the Registrar and Transfer Agents, any change in their addresses immediately.



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4. Non-resident Indian Shareholders are requested to inform the company immediately:
 - a. the change in the Residential status on return to India for permanent settlement.
 - b. the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
5. The members can also avail facility of nomination in terms of extant legal provisions in this regard.
6. As per letter dated 12.2.2000 received from SEBI trading for Institutional Investors and OCBs in company's shares in dematerialised form is compulsory from 26. 6. 2000. With effect from 19.4.2000 and 1.4.2000, the company has established connectivity respectively with NSDL and CDSL through Tata Share Registry Ltd., Registrars & Transfer Agents, so as to facilitate the dematerialisation of its shares.

In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of company's shares.
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 at 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, atleast ten days in advance to the Registered Office, so that the information can be made available at the meeting.
10. A. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No.II to the Registrar of Companies, Maharashtra, C.G.O. Bldg., A-Wing, 2nd floor, C.B.D. Belapur, Opp. Police Commissioner's Office, Belapur 400 614.

B. Consequent upon amendment in Section 205A of the Companies Act, 1956, and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have yet not encashed their Dividend Warrants for the years ended 31.3.1996 to 31.3.1999 are requested to contact the Registrar and Transfer Agents, M/s. Tata Share Registry Ltd., Army & Navy Bldg., 148, M.G.Road, Fort, Mumbai 400 001.

BOARD OF DIRECTORS

Shri B.K. Parekh, Chairman
 Shri S.K. Parekh
 Shri N.K. Parekh
 Shri M.B. Parekh, Managing Director
 Shri R.M. Gandhi
 Shri B.S. Mehta
 Shri K.P. Driver
 Mrs. Y.J. Mogrella
 Shri A.K. Basu Roy, Director (Factories Operations)

SENIOR VICE - PRESIDENT (FINANCE & COMMERCIAL) & SECRETARY

Shri P.C. Patel

REGISTERED OFFICE

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

PRINCIPAL OFFICE

Ramkrishna Mandir Road
 Off Mathuradas Vasanji Road
 Andheri (East), Mumbai 400 059

PLANT

Plot No.A-21, M.I.D.C.
 Mahad, Dist. Raigad, Maharashtra

AUDITORS

D.A. Kothari & Co.
 Haribhakti & Co.

SOLICITORS

Manilal Kher Ambalal & Co.

BANKERS

Indian Overseas Bank
 Corporation Bank

REGISTRAR AND SHARE TRANSFER AGENTS

Tata Share Registry Limited
 Army & Navy Building
 148, Mahatma Gandhi Road
 Fort, Mumbai 400 001.

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Vinyl Chemicals (India) Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2000.

Financial Results:

The Financial Performance of the Company is summarised as under :

	(Rupees in Lac)	
	Current Year	Previous Year
Profit before Interest, Depreciation, Amortisation of Expenses and Provision for Taxation	102	852
Less : Interest (Net)	58	18
Depreciation	242	230
Amortisation of Expenses	- *	1
Provision for Taxation	- *	182
(Net Loss) / Net Profit for the year	(198)	421
Less/(Add) : Profit brought forward from the Previous Year	827	(810)
Profit carried to Balance Sheet	629	827

* Less than Rs.1 lac

Dividend :

Due to Net Loss for the year and with a view to conserve resources for the company's business, your Directors do not recommend any dividend for the year.

Performance :

During the year, the plant remained closed for 22 days for annual maintenance shutdown and for 47 days due to short / non supply of Ethylene, an essential raw material. On account of this, the production and sales (excluding traded goods) of Vinyl Acetate Monomer (VAM) in volume during the year were lower at 11209 MT and 11467 MT respectively as against 13185 MT and 13111 MT in the previous year.

During most part of the year, selling price of VAM remained depressed due to international competition. The price of Ethylene, an important raw material during the year went up from Rs.22 per kg. to high of Rs.31.50 per kg. in September, 1999 and again to Rs.41.50 per kg. in March, 2000.

The benefit of exemption from Sales-tax and Purchase tax enjoyed by the company since 1991 under Maharashtra Government Scheme also ended in February, 2000.

The combined effect of the above factors was lower operating profit during the year.

During the year, the company continued trading in Chemical by deploying its surplus working capital fund. The trading turnover increased to Rs.3965 lac as against Rs.3558 lac in the previous year. However, the gross margin was lower to Rs.157 lac as compared to Rs.285 lac in the previous year.

Debottlenecking/Expansion :

In Phase I, the plant capacity was raised to 16400 TPA in May, 1999. The company is considering proposal for further expansion of capacity as well as investments in cost saving measures.

Outlook :

Since March, 2000, international price of VAM has started firming up and if this trend continues during the year and supply of Ethylene remains uninterrupted, the company hopes to perform better during the current year.

Year 2000 (Y2K) compliance :

The company has passed the Y2K transition without any disruption.

Depository System :

In line with company's endeavour to provide better services to the Shareholders and Investors, Equity Shares of the company are available for dematerialisation under the depository system operated by Central Depository Services (India) Ltd. with effect from 1.4.2000 and National Securities Depository Ltd. with effect from 19.4.2000.

Directors :

In accordance with the Articles of Association of the company, Shri A. K. Basu Roy, Shri Bansi S. Mehta and Shri S. K. Parekh, Directors of the company retire by rotation and being eligible offer themselves for re-appointment.

Auditors :

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

Health, Safety and Environment :

This year also company continued to achieve "ZERO ACCIDENT" frequency rate.

During the year, National Safety Council awarded a Plaque to the company for the Lowest (Zero) Accident Frequency rate in our Category of Industries.

Government of Maharashtra has continued to recognise company's Mahad plant for conducting Drivers training programme on "safe transportation of hazardous goods by road". During the year training was imparted to 50 Drivers.

One day training programme on "Role of Police during road emergency" based on off-site emergency plan was conducted. Forty Three policemen from Raigad district attended this training programme.

Steps were taken by the company to treat and recycle the waste generated in the plant with the help of latest ETP plant.

The company also contributed significantly in avoiding the occurrence of a major disaster near Mahad on N.H.17 when one LPG tanker overturned and started leaking. The company's efforts to control the said situation were appreciated by various Government Bodies, Press and Police.

More trees were planted in and around the factory to improve the environment.

Conservation of Energy and Technology Absorption, Foreign Exchange Earnings and Outgo :

Information as required under the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of this report is given in Annexure I hereto.

Personnel :

Harmonious relations continued to prevail throughout the company.

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report as Annexure II. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report together with Accounts is being sent to the Shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any Shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Appreciation :

The Directors hereby place on record the appreciation of the efficient services rendered by the employees of the company at all levels.

FOR AND ON BEHALF OF THE BOARD

Mumbai :

Date : 16th May, 2000

B.K. PAREKH
CHAIRMAN



ANNEXURE I TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken :

1. Introduction of 90 KW turbine to drive one of the cooling water pumps motors by the Usage of extra steam.
2. Recovery of Ethylene and taking it back into the system.
3. Introduction of process water from CO2 section going into drain in place of DM water for CO2 stripper level made up.
4. Repairing of A.C. sets with energy saving new A.C's.
5. Segregation of ETP water between high COD effluent stream and low COD stream for reducing the consumption of chemicals for treatment of effluent.
6. Using rain water in cooling tower, for saving in cooling water make up water.
7. Using solar heater in place of geyser in canteen for hot water requirement.
8. Removing of one steam control valve in STM header and for saving of fuel for boiler.

b. Additional investments and Proposals, If any, being implemented for reduction of consumption of energy :

1. Vermiculture in staff colony.
2. VFD for cooling water fans, air compressor and TBC pump
3. Solar heaters instead of geyser in staff colony.
4. Boiler optimization and steam header optimization.
5. Monsoon harvesting to reduce M.I.D.C. water for process requirement during the rainy season.
6. Polymer coatings on three cooling water pumps impellers to improve efficiency & reduce savings in electricity.
7. Introduction of Wind Mills generating power
8. Introduction of Air heated Ethylene Vaporizer to existing Steam Vaporizer.
9. Introduction of electrical chokes to the tube lights.
10. Energy saving pumps for T.B.C. and D.M. water.
11. Introduction of economiser for the boiler flue gas to exchange heat with the boiler feed water.
12. Recovery of Ethylene from the Ethylene tankers and reducing the venting losses to the flares.

c. Impact of the measures at 'a' and 'b' above for reduction of energy consumption and consequent impact on the cost of production of goods :

Yearly saving in energy consumption by incorporating above measures is estimated to be about Rs.75 lac.

d. 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:

		1999-2000	1998-1999
I. A. Electricity - Purchased from MSEB:			
a. Total Units Purchased/Consumed	KWH	57,85,817	66,87,378
b. Total amount of Electricity Bill	Rs.	2,41,30,971	2,68,75,894
c. Rate per unit	Rs.	4.17	4.02
B. Own Generation through Diesel Generator:			
a. Total Units Generated	KWH	4,34,346	2,34,727
b. Cost of 122280 Ltrs.(P.Y.65795 Ltrs.) of Diesel Consumed	Rs.	14,65,021	6,98,475
c. Rate per unit (Average)	Rs.	3.37	2.98
d. Units Generated per Litre of Diesel Oil (Average)		3.55	3.57
II. Coal:		N.A.	N.A.

		1999-2000	1998-1999
III. Steam Generation:			
a. Steam Generated	M.T.	34,549	35,245
b. Consumption of Fuel Oil			
i. Furnance Oil 836.140 KL (P.Y.788.680 KL)	Rs.	60,32,330	40,32,284
ii. L.S.H.S. 1888.920 KL (P.Y.1853.200 KL)	Rs.	1,30,41,118	92,27,814
c. Cost per Unit (Kg.) of Steam Generated (Average)	Rs.	0.55	0.38
d. Kg. of Steam per Litre of Furnance Oil/LSHS (Average)		12.68	13.34
(B) CONSUMPTION PER UNIT OF PRODUCTION :			
Product (Unit in M.T.)		Vinyl Acetate Monomer	
Electricity	(KWH/M.T.)	555	525
	(Rs./M.T.)	2,284	2,091
Coal		N.A.	N.A.
Furnance Oil/LSHS	(LITRES/M.T.)	243	200
	(Rs./M.T.)	1,702	1,006
B. TECHNOLOGY ABSORPTION :			
e. Efforts made in technology absorption :			
As per Form B.			
FORM - B			
Disclosure of particulars with respect to Technology Absorption			
Research and Development (R & D)			
1. Specific areas in which R & D is carried out by the company		Nil at present	
2. Benefits derived as a result of the above R & D		Not Applicable	
3. Future Plan of Action		Not decided at present	
4. Expenditure on R & D		Nil at present	
Technology Absorption, Adaptation and Innovation			
The Company has fully absorbed the technology for manufacture of Vinyl Acetate Monomer given by Uhde GmbH, Germany.			
Benefits derived as a result of the above efforts			
Regularly producing Vinyl Acetate Monomer of International quality.			
Information regarding Technology imported during the last 5 years.			
a. Technology Imported		Nil	
b. Year of Import		Not Applicable	
c. Has technology been fully absorbed		Not Applicable	
d. If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action		Not Applicable	
C. FOREIGN EXCHANGE EARNINGS & OUTGO :			
a. Efforts			
Since the international prices of VAM remained depressed most of the year, it was not found remunerative to export VAM.			
b. Total Foreign Exchange Earnings and Outgo			
1. Foreign Exchange Used			
i. Expenditure	Rs.	2,89,311	13,12,222
ii. Imports (CIF Basis)	Rs.	15,09,46,867	18,10,14,329
2. Earnings on account of Export of Goods (FOB)			
i. In Foreign Exchange	Rs.	-	-
ii. Deemed Export	Rs.	-	-