



Vinyl Chemicals (India) Ltd.

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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 & SECRETARY

Shri P.C. Patel

AUDITORS

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

REGISTERED OFFICE

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

SOLICITORS

Wadia Ghandy & Co.

CORPORATE OFFICE

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

BANKERS

Indian Overseas Bank
 Corporation Bank

PLANT

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

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 Fifteenth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2001.

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	1062	102
Less : Interest (Net)	82	58
Depreciation	253	242
Amortisation of Expenses	*	*
Provision for Taxation	162	*
Net Profit / (Net Loss) for the year	565	(198)
Add / Less : Profit brought forward from the Previous Year	629	827
Profit available for appropriation	1194	629
The Directors have appropriated the same as under :		
Transfer to :		
Proposed Dividend on Equity Shares	183	-
Tax on Dividend	19	-
General Reserve	350	-
Total	552	-
Balance carried to Balance Sheet	642	629
	1194	629

* Less than Rs.1 lac

Dividend :

Your Directors recommend payment of dividend at the rate of 10% (Previous Year Nil) on 1,83,37,111 Equity Shares, amounting to Rs.1,83,37,111 out of Current Year's profit. The dividend tax @ 10.2% aggregating to Rs.18,70,385 will be borne by the Company.

Performance :

During the year:

- The plant remained closed for 61 days including 11 days for change over of catalyst and for annual maintenance shutdown and for 35 days due to non availability of Ethylene, an essential raw material.
- The production and sales (excluding traded goods) of Vinyl Acetate Monomer (VAM) in volume were at 13,517 MT and 13,625 MT respectively as against 11,209 MT and 11,467 MT in the previous year.
- As compared to the previous year, selling price of VAM remained firm and in the range of Rs.43.65 per kg. to Rs.56 per kg. The price of Ethylene, an important raw material fluctuated in the range of Rs. 31.50 per kg. to Rs.41.50 per kg.
- The Company did not have the benefit of exemption from Sales tax and Purchase tax under Maharashtra Government Sales Tax Incentive Scheme. This had adverse impact on net sales realisation as well as cost of production.
- Activity of trading in Chemical was gradually reduced owing to lower margins. The trading turnover decreased to Rs.1207 lac as against Rs.2965 lac in the previous year.

Debottlenecking/Expansion :

The Company has taken steps to implement debottlenecking/expansion proposal to increase the capacity of the plant to 24,500 tpa. Estimated investment which includes oxygen/nitrogen plant is in the range of Rs. 15 - 20 crore.

Outlook :

International prices of VAM have started falling since April, 2001. There is uncertainty of supply of required quantities of Ethylene from IPCL. Both these factors, if they persist for a longer period, may affect the Company's performance for the current year.

Directors :

The Board of Directors have re-appointed, subject to the approval of the members of the Company, Shri M. B. Parekh as the Managing Director of the Company for a period of 5 years with effect from 1st April, 2002.

In accordance with the Articles of Association of the Company, Shri K. P. Driver, Mrs. Y.J. Mogrelia and Shri N. K. Parekh, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement :

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2001 and of the profit of the Company for that year;
- (iii) that the Directors had 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;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

Corporate Governance :

As per the amended Listing Agreement with the Stock Exchanges, the Company is required to comply with the requirements of Corporate Governance from the financial year commencing from April 1, 2001. The Directors are pleased to inform you that the Board of Directors have already constituted two Committees in January, 2001 viz. Audit Committee and Shareholders/Investors Grievances Committee.

The composition of "Audit Committee" is as follows:

Shri R. M. Gandhi	-	Chairman
Mrs. Y. J. Mogrelia	-	Member
Shri S. K. Parekh	-	Member
Shri M. B. Parekh	-	Managing Director Ex Officio

The composition of "Shareholders/Investors Grievances Committee" is as follows:

Shri B. K. Parekh	-	Chairman
Shri R. M. Gandhi	-	Member
Shri K. P. Driver	-	Member

Auditors :

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

Auditors' Report :

Auditors' remark in respect of representation relating to a Company in which Mrs. Y. J. Mogrelia is a Director regarding non-compliance of the requirement u/s 274(1)(g) of Companies Act, 1956 (Note No.12 of Schedule 16) is self-explanatory.

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 : 19th June, 2001

B.K. PAREKH
CHAIRMAN



ANNEXURE I TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken :

1. Vermiculture in staff colony
2. VFD for cooling water fans for air compressor and T.B.C. pumps.
3. Monsoon harvesting to reduce M.I.D.C. water for Process requirement during the rainy season @ 3000 m³/hr for 4 months
4. Polymer coatings on other three cooling water pumps' impellers to improve efficiency & thus savings in electricity
5. Replacing of A.C. sets with energy saving new A.C. sets
6. Set up two Wind mills for generating power
7. Introduction of Air heated Ethylene Vaporizer in addition to existing steam Vaporizer
8. Introduction of electrical chokes to the tube lights
9. Introduction of economizer for the boiler flue gas to exchange heat with the boiler feed water
10. Energy saving pumps for T.B.C. & D.M. water
11. Boiler optimization

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

1. Alternate process unit to replace GARO residual gas compressor for energy saving
2. Sonic shoot blower for removal of deposit in coal based boiler to save fuel
3. Solar heaters instead of geysers in staff colony
4. More Wind mills for generating power

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.96 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 :

		2000-2001	1999-2000
I. A. Electricity - Purchased from MSEB :			
a. Total Units Purchased/Consumed	KWH	56,39,679	57,85,817
b. Total amount of Electricity Bill	Rs.	2,32,32,926	2,41,30,971
c. Rate per unit	Rs.	4.12	4.17
B. Own Generation through Diesel Generator :			
a. Total Units Generated	KWH	6,79,571	4,34,346
b. Cost of 1,82,422 Ltrs.(P.Y.1,22,280 Ltrs.) of Diesel Consumed	Rs.	33,06,673	14,65,021
c. Rate per unit (Average)	Rs.	4.87	3.37
d. Units Generated per Litre of Diesel Oil (Average)		3.73	3.55
II. Coal :		N.A.	N.A.

		2000-2001	1999-2000
III. Steam Generation:			
a. Steam Generated	M.T.	42,844	34,549
b. Consumption of Fuel Oil			
i. Furnance Oil 816.975 KL (P.Y.836.140 KL)	Rs.	75,53,891	60,32,330
ii. L.S.H.S. 2,388.250 KL (P.Y.1,888.920 KL)	Rs.	2,19,60,738	1,30,41,118
c. Cost per Unit (Kg.) of Steam Generated (Average)	Rs.	0.69	0.55
d. Kg. of Steam per Litre of Furnance Oil/LSHS (Average)		13.37	12.68
(B) CONSUMPTION PER UNIT OF PRODUCTION :			
Product (Unit in M.T.)		Vinyl Acetate Monomer	
Electricity	(KWH/M.T.) (Rs./M.T.)	468 1,963	555 2,284
Coal		N.A.	N.A.
Furnance Oil/LSHS	(LITRES/M.T.) (Rs./M.T.)	237 2,184	243 1,702
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.	12,64,472	2,89,311
ii. Imports (CIF Basis)	Rs.	5,96,23,498	15,09,46,867
2. Earnings on account of Export of Goods (FOB)			
i. In Foreign Exchange	Rs.	-	-
ii. Deemed Export	Rs.	-	-



Vinyl Chemicals (India) Ltd.

AUDITORS' REPORT

To

The Shareholders of

VINYL CHEMICALS (INDIA) LTD.

We have audited the attached Balance Sheet of VINYL CHEMICALS (INDIA) LTD. as at 31st March, 2001 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto.

We report as follows :

- (I) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the Audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (II) Further to our comments in the Annexure referred to in paragraph (I) above:
 - (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 these books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, Profit and Loss Account and Balance Sheet comply with the Accounting Standards as referred to in the sub-section (3c) of section 211 of the Companies Act, 1956;
 - (e) Based on the confirmations received from the companies where Directors of the Company are Directors which have also been taken on record in a meeting of the Board of Directors of the Company and based on the information and explanations as made available, except in case of Mrs. Y.J. Mogrelia who has informed that she is a Director of a company not complying with the requirement under section 274(1)(g), (refer note no 12 of Schedule 16), other Directors of the Company do not, prima facie, have any disqualification as referred to in clause (g) of sub-section (1) to section 274 of the Act.
 - (f) In our opinion and to the best of information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001.
and
 - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For and on behalf of
D.A.KOTHARI & CO.
 Chartered Accountants

For and on behalf of
HARIBHAKTI & CO
 Chartered Accountants

MUMBAI
 DATED : 29th May, 2001

D.A.KOTHARI
 Proprietor

CHETAN DESAI
 Partner

Annexure to the Auditors' Report

(Referred to in Paragraph (I) of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that the fixed assets have been physically verified by the Management at the year end and we have been informed that no material discrepancies were noticed on such verification as compared to book records.
2. None of the fixed assets have been revalued during the year.
3. (a) The stocks of finished goods, stores, spare parts, packing materials, traded goods and raw materials have been physically verified by the Management at regular intervals during the year.
- (b) The procedure and method of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) Discrepancies observed between the physical stocks and book records were not material and these have been properly dealt with in the accounts.