



Vinyl Chemicals (India) Ltd.

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17TH ANNUAL REPORT 2002-2003



NOTICE

Notice is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the members of the Company will be held in the M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Wednesday, the 13th August, 2003 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, 2003 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 Bansil S. Mehta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Basu Roy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri N. 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.

Special Business :

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

"RESOLVED THAT in terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, all other laws, rules, regulations and guidelines, as applicable and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the Company is hereby accorded for voluntary delisting of Company's Equity Shares from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd."

"RESOLVED FURTHER THAT the Board of Directors of the Company is hereby authorised to do all acts, deeds, matters and things as may be necessary for the purpose of giving effect to this resolution."

BY ORDER OF THE BOARD OF DIRECTORS

P.C. PATEL
SR. VICE PRESIDENT
& SECRETARY

Registered Office :

7th Floor, Regent Chambers,
Jamnalal Bajaj Marg,
208, Nariman Point,
Mumbai-400 021.
Date : 3rd June, 2003

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. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, the 30th July, 2003 to Wednesday, the 13th August, 2003 (both days inclusive).
4. Members are requested to inform the Company or to the Registrar and Transfer Agents or Depository Participants (in case of shares held in electronic mode) any change in their addresses immediately so as to enable the Company to despatch any future communication at their correct addresses.
5. 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.



6. The members can also avail facility of nomination in terms of extant legal provisions in this regard. On request, the necessary form will be supplied by the Registrar and Transfer Agents.
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, subject to permission of the Chairman.**
10. A. Pursuant to Section 205A 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 not yet encashed their Dividend Warrants for the years ended 31.3.1996 to 31.3.1999 and 31.3.2001 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.

EXPLANATORY STATEMENT

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

Item No. 6 :

Presently the Company's Equity Shares are listed on the following Stock Exchanges in India :

1. The Stock Exchange, Mumbai
2. The National Stock Exchange of India Ltd.
3. The Stock Exchange, Ahmedabad
4. The Delhi Stock Exchange Association Ltd.

With the nation-wide networking of centres of the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE), the members of the Company have access to online trading and dealing in the Company's Equity Shares across the country. The trading volumes on The Stock Exchange, Ahmedabad (ASE) and The Delhi Stock Exchange Association Ltd.(DSE) in the Company's Equity Shares are very low compared to BSE and NSE. The proposed delisting of the Company's Equity Shares from ASE and DSE will not therefore adversely affect any investor, including investors located in the regions where the said Stock Exchanges are situated. The Company's Equity Shares will continue to be listed on BSE and NSE.

In terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, a listed company may delist its securities from Stock Exchange, if the securities of the Company have been listed for a minimum period of 3 years on any Stock Exchange, after obtaining prior approval of Shareholders by a Special Resolution passed at the General Meeting.

The Company has proposed delisting of its Equity Shares from ASE and DSE in line with the Guidelines issued by SEBI for Voluntary delisting of the Securities. Members approval is sought by a Special Resolution for delisting the Company's Equity Shares from ASE and DSE. The proposed delisting as a part of cost reduction measures is in the interest of the Company and the Board of Directors recommend the Special Resolution for members approval.

No Director is concerned or interested in this Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

P.C. PATEL
SR. VICE PRESIDENT
& SECRETARY

Registered Office :

7th Floor, Regent Chambers,
Jamnalal Bajaj Marg,
208, Nariman Point,
Mumbai-400 021.
Date : 3rd June, 2003



ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION AT THE ANNUAL GENERAL MEETING :

Shri Bansi S. Mehta is a graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India. Shri Mehta is a renowned accountant in practice and is an expert on taxation, accountancy matters and mergers and acquisition valuation. He is a Director on the Board of several prominent companies in India and has been a Director of the Company since 1989.

He is also a Director of Atul Ltd., Bharat Bijlee Ltd., Century Enka Ltd., CEAT Ltd., Housing Development Finance Corporation Ltd., IL&FS Investment Managers Ltd., J.B. Chemicals & Pharmaceuticals Ltd., Pidilite Industries Ltd., Procter & Gamble Hygiene and Health Care Ltd., Varun Shipping Co. Ltd., Sudarshan Chemical Industries Ltd., The Dawn Mills Co.Ltd. and an Alternate Director of Chemetall Rai India Ltd., Uhde India Ltd., Sasken Communication Technologies Ltd. He is also a member of Managing Committee of Indian Merchants' Chambers. He is a Partner of Bansi S. Mehta & Co. He chairs the Audit Committee of Pidilite Industries Ltd., IL&FS Investment Managers Ltd., J.B.Chemicals & Pharmaceuticals Ltd., Sudarshan Chemicals Ltd., Sasken Communication Technologies Ltd. and a member of Compensation and Audit Committee of Housing Development Finance Corpn. Ltd., Additionally, he serves on the Audit Committee of Atul Ltd., Century Enka Ltd. and Procter & Gamble Hygiene and Health Care Ltd. Shri Bansi S. Mehta is also a Director of Demech Contractors Ltd. and Jumbo World Holdings Ltd. (BVI), bodies incorporated outside India.

Shri A. K. Basu Roy has been serving as a Director (Factories Operations) of the Company since February, 1997. He holds degree of B.Ch.E. (Chemical Engineering) from Jadavpur University and he is a 'Fellow' of the 'Institute of Chemical Engineers'. He has about 46 years industrial experience in technical and managerial area including working with Indian Oil Corporation.

Shri N. K. Parekh has been serving as a Director of the Company since 1986. He is a qualified Technologist for Dyes and Intermediates and a qualified Chemical Engineer (B.Sc., B.Sc. (Tech), M.S.Chem Engg (U.S.A)) and has experience in the industry for over 39 years. He is a Joint Managing Director of Pidilite Industries Ltd. He is also a Director of Fevicol Company Ltd., Parkem Dyes and Chemicals Pvt.Ltd., Ishijas Chemicals Pvt. Ltd., The Vacuum Forming Co. Pvt. Ltd., Kalpaj Sales and Agencies Pvt.Ltd. and Pargro Investments Pvt. Ltd. He is a member of Share Transfer Committee and Finance Committee of Pidilite Industries Ltd. as well as of the Company.

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
 Smt. Y.J. Mogrelia
 Shri A.K. Basu Roy, Director (Factories Operations)

SENIOR VICE - PRESIDENT & SECRETARY

Shri P.C. Patel

REGISTERED OFFICE

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

CORPORATE 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

Wadia Ghandy & 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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DIRECTORS' REPORT

Your Directors present the Seventeenth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2003.

Financial Results :

The Financial Performance of the Company is summarised as under :

	(Rupees in Lac)	
	Current Year	Previous Year
Loss before Interest, Depreciation & Amortisation of Expenses	279	310
Add: Interest (Net)	265	62
Depreciation	359	280
Amortisation of Expenses	*	*
Less: Deferred Tax Credit	319	230
Add: Current Taxation	1	*
Net Loss for the year	<u>585</u>	<u>422</u>
Less: Profit brought forward		
from the Previous Year	<u>220</u>	<u>642</u>
Loss / (Profit) available for Appropriation/adjustment	<u>365</u>	<u>(220)</u>
Deducted from General Reserve	365	-
Balance carried to Balance Sheet	<u>-</u>	<u>(220)</u>
	<u>365</u>	<u>(220)</u>

* Less than Re. 1 lac

Dividend :

Due to Net Loss for the year your Directors do not recommend any dividend.

Performance :

During the year :

- a. The plant remained closed for 66 days for various reasons, major being 27 days closure for Plant Expansion, Catalyst Changeover and D.G.Set synchronisation.
- b. The production and sales (excluding traded goods) of Vinyl Acetate Monomer (VAM) in volume were higher at 16033 MT and 14853 MT respectively as against 11226 MT and 11056 MT in the previous year.
- c. The average price realization for VAM remained somewhat lower than the previous year due to prevailing low international price. This had adverse effect on the margins of the company.
- d. A new Catalyst was charged in place of the one which had out lived its estimated life. The cost of new Catalyst (net of modvat) was Rs.584.37 lac. This coupled with fall in residual value of Noble Metal has resulted into substantial increase in consumption cost of Catalyst from Rs.46.34 lac in the previous year to Rs.343.91 lac in the current year which is reflected in cost of Raw Materials.
- e. The Company availed of Sales Tax Incentive of Rs.46 lac per annum on investment in wind mills, made during the last year.
- f. The Company became eligible to Incentive of Sales-tax Deferral for the plant expansion under 1993 Scheme of Government of Maharashtra and has started availing of the same. This deferral amount for the year was Rs.84.70 lac.
- g. The project debottlenecking / expansion which was initiated in 2000 - 2001 was commissioned during the year. On account of this, the depreciation for the year has increased to Rs. 359 lac as compared to Rs. 281 lac in the previous year and interest outgo on Term Loan increased to Rs.202 lac as compared to Rs.44 lac in the previous year.
- h. Sales turnover on account of trading has decreased to Rs. 1287 lac as against Rs.2251 lac in the previous year.

Debottlenecking / Expansion :

The Company is actively considering a fresh debottlenecking / expansion project to raise the production capacity to 30000 MT per annum.

Outlook :

In the initial months of the year 2003 – 2004, VAM and Ethylene prices have been somewhat favourable. However, the trend of prices for VAM and Ethylene remains uncertain for remaining months of the year.

Directors :

In accordance with the Articles of Association of the Company, Shri Bansi S. Mehta, Shri A. K. Basu Roy 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, 2003 and of the loss of the Company for that year;
- (iii) that 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
- (iv) that 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 Agreements with Stock Exchanges along with a certificate from the Auditors of the Company are enclosed in Annexures I and II respectively, to this report.

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.

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

The particulars under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached to this Report as Annexure III.

There were no employees in respect of whom information u/s 217(2A) of the Companies Act, 1956 is required to be given.

Personnel :

Harmonious relations continued to prevail throughout 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 : 3rd June, 2003

B. K. PAREKH
CHAIRMAN



CORPORATE GOVERNANCE REPORT

Annexure I to the Directors Report

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the company submits the following report on the matters mentioned in the said clause and practices followed by the company.

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 2002-2003, 5 Board Meetings were held on 21st May, 2002, 18th June, 2002, 16th July, 2002, 29th October, 2002 and 28th January, 2003

Details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other directorships and other committee memberships are given below :

Sr. No	Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships as on 31st March, 2003*	No. of other Committee	
						Memberships	Chairmanships
1	Shri B.K. Parekh (Chairman)	NED (P)	5	Yes	17	3	-
2	Shri S.K. Parekh	NED (P)	4	No	7	-	-
3	Shri M.B. Parekh (Managing Director)	ED (P)	4	Yes	9	-	-
4	Shri N.K. Parekh	NED (P)	5	Yes	7	-	-
5	Shri R.M. Gandhi	NED (I)	3	Yes	4	1	3
6	Shri Bansi S. Mehta	NED (I)	5	Yes	18	5	5
7	Shri K.P. Driver	NED (I)	5	Yes	1	-	-
8	Smt. Y.J. Mogrelia	NED (I)	5	Yes	-	-	-
9	Shri A.K. Basu Roy (Wholtime Director)	ED	5	Yes	-	-	-

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

* Including Directorships in Private Limited Companies.

3. Audit Committee

During the financial year 2002-2003, 4 meetings of the Committee were held on 18th June, 2002, 16th July, 2002, 29th October, 2002 and 28th January, 2003.

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)	3
2	Shri S.K. Parekh	Member	NED (P)	3
3	Smt. Y.J. Mogrelia	Member	NED (I)	4
4	Shri K.P. Driver*	Member	NED (I)	4

* appointed w.e.f. 21st May, 2002

The Managing Director is a permanent invitee to the Meetings. The Company Secretary is the Secretary of the Committee. Head of Accounts, Internal Auditors and the Statutory Auditors are also invited to attend to 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 292A of the Companies Act, 1956.

4. Remuneration Committee :

The Board of Directors have constituted a Remuneration Committee on 18th June, 2002 and a meeting was held on 16th July, 2002, which was attended to by all the members of the Committee. The terms of reference of the Committee are as specified in Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Details of composition of the Committee is given below :

Sr.No.	Name	Designation	Category
1	Shri K.P. Driver	Chairman	NED (I)
2	Shri R.M. Gandhi	Member	NED (I)
3	Smt. Y.J. Mogrelia	Member	NED (I)
4	Shri B.K. Parekh	Member	NED (P)

Executive Directors' remuneration details for the financial year 2002-2003 are given below :

Name of Director	Salary* (Rs)	Commission (Rs)	Perquisites (Rs)	Total (Rs)	Contract Period (No of years)
Shri M.B. Parekh (Managing Director)	18,00,000	Nil	Nil	18,00,000	5
Shri A.K. Basu Roy (Wholetime Director)	3,21,000	Nil	57,000	3,78,000	3

* includes House Rent Allowance

Besides the above, Shri M.B.Parekh is also entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of tenure as per the rules of the Company.

Notice period for the Executive Directors 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 Sitting Fees paid for the year ended 31st March, 2003 to the Non Executive Directors for attending the Board / Committee meetings are as follows:

Shri B.K. Parekh – Rs.24,000, Shri S.K. Parekh – Rs.22,000, Shri R.M. Gandhi – Rs.14,500, Shri K.P. Driver –Rs.20,000, Smt. Y.J. Mogrelia – Rs.19,500, Shri N.K. Parekh – Rs.21,000 and Shri B.S. Mehta – Rs.15,000.

The Company do engage Bansil S. Mehta & Co., Chartered Accountants firm in which Shri B.S. Mehta is a partner for legal / tax advice. The services provided by them are purely of professional nature and the fees paid for such services do not result in any material pecuniary benefit to them.

5. Shareholders / Investors Grievance Committee :

During the year Share Transfer Committee held 13 meetings and a meeting of the Shareholders / Investors Grievance Committee was also held on 18th December, 2002 which was attended by all the members of the Committee.

Details of composition of the Committee are given below :

Sr. No.	Name	Designation	Category
1	Shri K.P. Driver	Chairman	NED (I)
2	Shri B.K. Parekh	Member	NED (P)
3	Shri R.M. Gandhi	Member	NED (I)

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.

The Secretarial Department of the Company, under the supervision of Shri P.C. Patel, Sr. Vice President & Secretary and Shri K.S. Krishnan, Additional Secretary, who is nominated as the "Compliance Officer" as required by SEBI /Listing Agreement, and Tata Share Registry Ltd., Registrar & Share Transfer Agents, attend to all Shareholders /Investors Grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar of Companies.

Barring certain cases pending with Consumer Forum / Court, the Company / Tata Share Registry 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 980, of which 45 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. There were no outstanding letters / complaints pending as on 31st March, 2003. 1 request for transfer and 7 requests for dematerialisation were pending for approval as on 31st March, 2003 which were dealt with by 4th April, 2003.


Vinyl Chemicals (India) Ltd.
6. General Body Meetings :

Details of Location, Date and Time of the Annual General Meetings held during the last three years :

Financial Year	Venue	Date & Time
2001-2002	Y.B. Chavan Centre, Convention Hall Gen. Jagannath Bhosale Marg Mumbai-400 021.	3rd September, 2002 at 11.00 a.m.
2000-2001	Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai-400 021.	3rd August, 2001 at 11.00 a.m.
1999-2000	Same as above	1st August, 2000 at 11.00 a.m.

No Special Resolution was put through postal ballot during the last year. At the ensuing Annual General Meeting, 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 Agreements 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.

8. Means of Communication :

- Half-yearly results are published in newspapers but not sent to each household of Shareholders.
- The quarterly results of the Company are published in Free Press Journal (English) and Navshakti (Marathi)
- Management Discussion and Analysis is a part of Annual Report.

9. Information on Directors :

Information relating to Directors seeking re-appointment as required under clause 49(VI)(A) of the Listing Agreement is given in the notice of Annual General Meeting.

10. General Shareholder Information :

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Vinyl Chemicals (India) Limited
 Regent Chambers
 Nariman Point
 Mumbai 400 021

We have examined the compliance of conditions of corporate governance by Vinyl Chemicals (India) Limited, for the year ended 31st March, 2003, 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, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, 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 Company.

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 Haribhakti & Co
 Chartered Accountants

For D. A. Kothari & Co
 Chartered Accountants

Place: Mumbai
 Date: 3rd June, 2003

Chetan Desai
 Partner

D. A. Kothari
 Proprietor