



Vinyl Chemicals (India) Ltd.

Report  junction.com

21ST ANNUAL REPORT 2006-2007



Vinyl Chemicals (India) Ltd.

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 Bansi S. Mehta
Shri K.P.Driver (upto 26.06.2007)
Smt. Y.J.Mogrelia
Shri A.K.Basu Roy, Director (Factories Operations)

SENIOR VICE - PRESIDENT & SECRETARY

Shri P.C.Patel

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

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

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

CONTENTS

Directors' Report	2
Annexure I to the Directors' Report	4
Corporate Governance Report	7
Management Discussion and Analysis Report	10
Auditors' Report	11
Balance Sheet	14
Profit & Loss Account	15
Schedules forming part of the Accounts	16
Cash Flow Statement	29
Information for Shareholders	30


Vinyl Chemicals (India) Ltd.

DIRECTORS' REPORT

Your Directors present the Twenty First Annual Report and the Audited Statements of Accounts for the year ended 31st March 2007.

Financial Results:

The Financial Performance of the Company is summarised as under:

	<u>Current year</u>	<u>Previous year</u>
		(Rupees in lac)
Profit / (Loss) before Interest, Depreciation and Extraordinary Gain	(524)	299
Less: Interest	236	139
Depreciation	406	400
Loss before Extraordinary Gain and Taxation	(1166)	(240)
Add: Extraordinary Gain	802	-
Loss before Taxation	(364)	(240)
Less / Add: Provision for		
Taxation (FBT)	(8)	(8)
Deferred Income Tax	395	94
Profit / (Loss) for the year	<u>23</u>	<u>(154)</u>
Add / Less: (Loss) Brought Forward from Previous Year	(864)	(710)
Loss Carried to Balance Sheet	<u>(841)</u>	<u>(864)</u>

Dividend:

Due to carried forward Net Loss, your Directors do not recommend any dividend.

Performance:

During the year:

- a. The Company recorded sales turnover of Rs.155.89 crore as against Rs.157.66 crore in the previous year.
Loss (before interest, depreciation and extraordinary gain) was at Rs.524 lac as against profit of Rs.299 lac in the previous year.
- b. After considering interest and depreciation but before extraordinary gain there was a loss of Rs.1166 lac as against loss of Rs. 240 lac in the previous year.
- c. After considering extraordinary gain of Rs.802 lac on prepayment of deferred sales tax loan, the loss for the year before taxation is Rs.364 lac as against loss of Rs.240 lac in the previous year.
The profit for the year after taxation is Rs.23 lac as against a loss of Rs.154 lac in the previous year.
Through out the year there was a mismatch in the price of Vinyl Acetate Monomer (VAM) and cost of inputs resulting in operational loss in all the four quarters in manufacturing activity.
- d. The plant remained closed for 56 days for various reasons, including for 11 days due to non-availability of Ethylene.
- e. The production and sales of VAM in volume were at 23604 MT and 23495 MT respectively as against 25960 MT and 26349 MT in the previous year.
- f. The Company availed of Sales Tax Incentive of Rs.46 lac during the year, on investment made in windmills in the year 2001- 02.
- g. The Company also availed of Sales Tax Incentive of Rs. 152 lac during the year on plant expansion under 1993 Scheme of Government of Maharashtra.
- h. The normal capital expenditure incurred during the year amounted to Rs. 93.08 lac.
- i. The Company repaid Rs. 764.17 lac (US\$ 16.67 lac) being the second installment of Foreign Currency loan taken from ABN Amro Bank N.V.

Outlook:

The prices of main raw materials Ethylene and Acetic Acid have increased. However, the price of VAM has not increased in matching proportion. Further, in the Union Budget of 2007 the import duty on VAM has been reduced to 7.5% from earlier 10%. These developments have put a severe strain on margins and short term outlook is uncertain.

Directors:

Effective from 27th June 2007 Shri K.P.Driver resigned from the Board of Directors due to indifferent health. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him during his tenure on the Board.

In accordance with the Articles of Association of the Company, Shri S.K.Parekh and Mrs. Y.J.Mogrelia, 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 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 ended 31st March 2007 and of the profit 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 given separately in this Annual 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.

Auditors' Observation:

Auditors' observation on use of short term funds having been utilized for repayment of sales tax deferral and foreign currency loans is self explanatory.

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 I.

A statement of particulars pursuant to 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. Members desiring to have a copy of the same may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request.

Demerger:

As you are aware, Pidilite Industries Ltd. (PIL) is a principal promoter of the Company and has made strategic investment in the Company. PIL was approached by a Review Committee appointed by the Board of Directors of the Company for support in the task of restructuring Company's operations which had resulted into losses for 5 consecutive quarters till 31st December 2006.

The Board of Directors of this Company had therefore appointed a Special Committee to examine all relevant aspects as also possible remedial measures. The Committee recommended to the Board of Directors of PIL that Company's VAM manufacturing division at Mahad be demerged in to PIL with effect from 1st April 2007.

Subject to approval of Shareholders and the High Court at Mumbai, the Board of Directors of both the Companies at their joint meeting held on 24th April 2007 considered and approved report of Valuation as also draft Scheme of Demerger inter alia providing for ratio of allotment of shares as under:

- a. "For every 12 (twelve) Equity Shares of face value of Rs.10 each fully paid up in Vinyl Chemicals (India) Ltd., 1 (one) Equity Share of face value of Re. 1 each in Pidilite Industries Ltd. (fractional resultant number being appropriately rounded up or ignored depending on the fraction being respectively more than half or less than half) treated as fully paid;
- b. Insofar as it relates to "small shareholders" of the Vinyl Chemicals (India) Ltd. (a small shareholder means a member holding less than 501 Equity Shares) the Scheme provides for an option for such small shareholder being allotted 1 (one) 6% Cumulative Redeemable Preference Share in Pidilite Industries Ltd. of Rs.10 each treated as fully paid for every Equity share held by a small shareholder in Vinyl Chemicals (India) Ltd."

Both the Companies have received approval for the draft Scheme of Arrangement under Clause 24(f) of the Listing Agreement from the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. and have submitted applications to the Hon'ble Bombay High Court for convening of requisite meetings.

Appreciation:

The Directors hereby place on record their 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 July 2007

B.K. PAREKH
CHAIRMAN



ANNEXURE I TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken:

1. Stopping of one cooling water pump, one cooling tower (thermopac) & installation of VFD for other cooling water pump resulting in reduction of 2715 KWH per day power consumption.
2. Installation of Ethylene cold recovery system & stopping of one air chiller refrigeration compressor resulting in power saving of 500 KWH per day.
3. Stopping of ethylene unloading compressor used for maintaining Horton sphere pressure and lineup of ethylene gas from Horton sphere directly to Khosla compressor suction resulting in power saving of 32 KWH per day.
4. Optimization of steam usage by converting Flasher Reboiler Steam from STL to STM and by reducing STL pressure set point and Reactor steam was lined up with STL Header which resulting 15 MT per day steam saving with zero steam venting.
5. Increase the boiler feed water temperature and Deaerator temperature by diverting the surplus steam to Deaerator.
6. Running RO plant, resulting in reduced of boiler feed water generation by 20 M3 per day & power saving of 20 KWH per day.
7. Stopping Drinking Water pump & lineup of the process water directly through the UV filter to drinking water network.
8. Changeover of Oxygen compressor from higher power rated motor to lower one with same capacity.

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

1. Condensate and seal water recovery from process plant and increasing the BF water temperature.
2. Stopping of DM water for Azeo pump seal by using thermo siphoning seal pot.
3. Harvesting of rain water
4. Converting PGW and Centax Motor to turbine operated compressor and condensing type of turbine for power generation.

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:

Estimated yearly saving in energy consumption by incorporating above measures Rs.58.57 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:

		2006 - 2007	2005 - 2006
I. A. Electricity - Purchased from MSEB:			
a. Total Units Purchased / Consumed	KWH	1,04,18,331	1,27,04,462
b. Total amount of Electricity Bill	Rs.	3,76,58,460	4,20,99,534
c. Rate per unit	Rs.	3.61	3.31
B. Own Generation through Windmill:			
a. Total Units Generated	KWH	12,09,766	9,76,506
b. Total amount of Electricity Bill	Rs.	33,52,541	25,75,565
c. Rate per unit	Rs.	2.77	2.64
		2006 - 2007	2005 - 2006
C. Own Generation through Diesel Generator:			
a. Total Units Generated	KWH	1,50,061	1,45,762
b. Cost of 41940 Ltrs. (P.Y.42622 Ltrs.) of Diesel Consumed	Rs.	16,53,638	14,06,569
c. Rate per unit (Average)	Rs.	11.02	9.65
d. Units Generated per Litre of Diesel Oil (Average)		3.41	3.48



Vinyl Chemicals (India) Ltd.

II. Coal:		N. A.	N.A.
III. Steam Generation:			
a. Steam Generated	M.T.	42,671	52,787
b. Consumption of Fuel Oil			
i. Furnace Oil 150.300 KL (P.Y. 179.150 KL)	Rs.	21,64,571	23,05,923
ii. L.S.H.S. Nil (P.Y. Nil)	Rs.	—	—
c. Consumption of Coal 5781.885 MT (P.Y. 6885.607 MT)	Rs.	2,51,41,814	2,86,02,926
d. Cost per Unit (Kg.) of Steam Generated (Average)	Rs.	0.64	0.59
e. Kg. of Steam per Litre of Furnace Oil/L.S.H.S (Average)		7.27	14.18
f. Kg. of Steam per Kg. of Coal		7.19	7.30

(B) CONSUMPTION PER UNIT OF PRODUCTION:

a) PRODUCT (Unit in M.T.)		Vinyl Acetate Monomer	
Electricity	(KWH/M.T.)	295	313
	(Rs./M.T.)	1,079	1,057
Coal	(KGS/M.T.)	245	265
	(Rs./M.T.)	1,065	1,102
Furnace Oil/LSHS	(LITRES/M.T.)	6	7
	(Rs./M.T.)	92	89
b) PRODUCT (Unit in M.T.)		Oxygen / Nitrogen	
Electricity	(KWH/M.T.)	734	788
	(Rs./M.T.)	2,621	2,577

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)

- Specific areas in which R & D is carried out by the company
 - R&D work has been carried out for recovery of Acetic Acid from waste and necessary addition to the plant has been done.
- Benefits derived as a result of the above R&D
 - Commissioning of the facility as per point no. 1 has been done during February – March 2007 shutdown and benefits are being quantified.
- Future Plan of Action
 - New product development for Speciality Acetates are in progress.
- Expenditure on R & D
 - Rs.6.73 lac

Technology Absorption, Adaptation and Innovation

N.A.

Benefits derived as a result of the above efforts:

N. A.

Information regarding Technology imported during the last 5 years.

- | | |
|---|----------------|
| a. Technology Imported | Not Applicable |
| 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:****f. Efforts**

The international prices remained unremunerative for export during most of the Financial Year 2006 - 2007.

g. Total Foreign Exchange used and earned:

		2006 - 2007	2005 - 2006
1. Foreign Exchange Used			
i. Expenditure	Rs.	50,765	8,96,757
ii. Imports (CIF Basis)	Rs.	78,35,84,366	10,93,72,099
2. Earnings on account of Export of Goods (FOB)			
i. In Foreign Exchange	Rs.	-	-
ii. Deemed Export	Rs.	-	-

Report  junction.com



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 2006-2007, 8 Board Meetings (including two adjourned meetings) were held on 17th April, 2006, 16th May, 2006 (adjourned to 20th June, 2006), 18th July, 2006, 16th October, 2006, 16th January, 2007 (adjourned to 2nd February, 2007) and 21st March, 2007.

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 st March, 2007* In other companies	No. of committee positions held in other companies	
						Member-ships	Chairman-ships
1	Shri B.K.Parekh (Chairman)	NED (P)	6	Yes	17	3	—
2	Shri S.K.Parekh	NED (P)	6	Yes	7	1	—
3	Shri M.B.Parekh (Managing Director)	ED (P)	7	Yes	11	—	—
4	Shri N.K.Parekh	NED (P)	5	Yes	8	—	—
5	Shri R.M.Gandhi	NED (I)	7	Yes	4	4	4
6	Shri Bansi S.Mehta	NED (I)	7	Yes	17	7	5
7	Shri K.P.Driver	NED (I)	—	No	1	—	—
8	Smt.Y.J.Mogrelia	NED (I)	8	Yes	—	—	—
9	Shri A.K.Basu Roy (Whole Time 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, Section 25 Companies, Bodies incorporated outside India & Alternate Directorships.

3. Audit Committee:

During the financial year 2006-2007, 5 meetings of the Committee were held on 17th April, 2006; 16th May, 2006, 18th July, 2006, 16th October, 2006 and 16th January, 2007.

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)	5
2	Shri S.K.Parekh	Member	NED (P)	4
3	Smt. Y.J.Mogrelia	Member	NED (I)	5
4	Shri K.P.Driver	Member	NED (I)	—

The Managing Director is a permanent invitee to the Meetings. The Company Secretary is the Secretary of the Committee. Head of Accounts and Internal Auditors are also invited to attend to the Meetings. Statutory Auditors are invited when required.

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:

One meeting of the Remuneration Committee was held on 16th May, 2006, which was attended by all the members of the Committee except Shri K.P.Driver. 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 are 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)



Vinyl Chemicals (India) Ltd.

Executive Directors' remuneration details for the financial year 2006 - 2007 are given below:

Sr. No.	Name	Salary* (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Total (Rs.)	Tenure (No. of years)
1	Shri M.B.Parekh (Managing Director)	6,25,000	Nil	Nil	6,25,000	5
2	Shri A.K.Basu Roy (Whole Time Director)	5,10,000	Nil	23,243	5,33,243	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.

Shri M.B.Parekh, Managing Director, has waived all remuneration to which he is entitled to as Company's Managing Director from 1st September, 2006 until further notice.

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 financial year ended 31st March, 2007 to the Non Executive Directors for attending the Board/Committee meetings are as follows:

Shri B.K.Parekh - Rs.29,500; Shri S.K.Parekh - Rs.30,500; Shri N.K.Parekh - Rs.22,500; Shri R.M.Gandhi - Rs.29,500; Shri Banshi S.Mehta - Rs.22,000; Shri K.P.Driver - Nil and Smt. Y.J.Mogrelia - Rs.30,500.

The number of equity shares of the Company held by Non Executive Directors as on 31st March, 2007 are as follows:

Shri B.K.Parekh - 45,876; Shri S.K.Parekh - 14,401; Shri N.K.Parekh - 75,951; Shri R.M.Gandhi - 2,700; Shri Banshi S.Mehta - 4,300; Shri K.P.Driver - 1,500 and Smt. Y.J.Mogrelia - 300.

The Company do engage M/s. Banshi S.Mehta & Co., Chartered Accountants, a firm in which Shri Banshi 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 12 meetings of the Share Transfer Committee and 1 meeting of the Shareholders/Investors Grievance Committee was held on 24th January, 2007 which was attended by all the Members of the Committee except Shri K. P. Driver.

Details of composition of the Committee is 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 M/s. TSR Darashaw Ltd., Registrar & Share Transfer Agents, attend to all Shareholders/Investors Grievances received directly or through SEBI, Stock Exchanges, Ministry of Company Affairs and Registrar of Companies.

Barring certain cases pending with Consumer Forum/Court, the Company/TSR Darashaw 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 566, of which 51 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. 7 requests for transfer of shares and 5 requests for dematerialisation were pending for approval as on 31st March, 2007, which were dealt with by 9th April, 2007 & 5th April, 2007 respectively.

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, Sr. Vice President & Secretary is the compliance officer for the purpose.

6. General Body Meetings:

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

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2005 - 2006	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021	1 st August, 2006 at 11.00 a.m.	Payment of Commission to Non Executive Directors u/s 309 of the Companies Act, 1956.


Vinyl Chemicals (India) Ltd.

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2004 - 2005	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021	12 th August, 2005 at 11.00 a.m.	Re-appointment of Shri A.K.Basu Roy as Director (Factories Operations)
2003 - 2004	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021	10 th August, 2004 at 11.00 a.m. (Adjourned for polling on 11 th August, 2004 at 11.00 a.m. at the Registered Office of the Company at Regent Chambers, 7 th Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai 400 021)	Nil

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.
- The Company has complied with all applicable mandatory requirements of Clause 49 and it has also constituted a Remuneration Committee. The Company is in the regime of unqualified financial statements.

8. Means of Communication:

- The quarterly results of the Company are normally published in Free Press Journal (English) and Navshakti (Marathi).

9. 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 Annual General Meeting.

10. Information for Shareholders:

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

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 31st March, 2007."

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 31st March, 2007, 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.
Chartered Accountants

D.A. KOTHARI
Proprietor
Membership No. 6301
Mumbai
Dated : July 19, 2007