



Vinyl Chemicals (India) Ltd.

BOARD OF DIRECTORS

Shri B.K. Parekh - Chairman

Shri N.K. Parekh

Shri M.B. Parekh - Managing Director

Shri R.M. Gandhi

Smt. Y.J. Mogrelia

Shri A.D. Mavinkurve

Shri Santosh Kumar

PRESIDENT & SECRETARY

Shri P.C. Patel

AUDITORS

D.A. Kothari & Co.

SOLICITORS

Wadia Ghandy & Co.

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

BANKERS

Indian Overseas Bank
Corporation Bank

REGISTRAR AND TRANSFER AGENTS

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

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**DIRECTORS' REPORT**

Your Directors present the Twenty Sixth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2012.

Financial Results:

The Financial performance of the Company is summarised as under:

		(₹ in lac)
	<u>Current Year</u>	<u>Previous Year</u>
Profit before Interest, Depreciation and Tax	743	622
Less: Interest	*	2
Depreciation	*	*
Profit before Taxation	743	620
Less: Provision for Current Taxation	242	189
Provision for Deferred Tax	*	*
Profit for the year	501	430
Add: Profit Brought Forward from Previous Year	276	2
Profit available for appropriation	777	<u>432</u>
Appropriations		
Proposed Dividend on Equity Shares	110	92
Tax on Dividend	18	14
Transfer to General Reserve	55	50
Total	183	<u>156</u>
Balance carried to Balance Sheet	594	<u>276</u>

* less than ₹1 lac

In terms of the Scheme of Demerger of VAM Manufacturing Unit of the Company into Pidilite Industries Ltd., the Company has transferred a sum of ₹35,227 from 'Forfeited Shares Account' to 'Capital Reserves Account' and consequently the figures of the previous year have been regrouped in the Balance Sheet.

Dividend:

The Directors recommend the payment of dividend of ₹0.60 per equity share of ₹1 each (previous year ₹0.50 per share including Silver Jubilee Special Dividend of ₹0.25 per share) amounting to ₹1,10,02,267 (previous year ₹91,68,556) out of the current year's profit on 1,83,37,111 equity shares of ₹1 each. The dividend for the current year will be free of tax in the hands of shareholders.

Performance:

- The company's current business is in Chemicals – which is trading mainly in Vinyl Acetate Monomer.
- During the year, the sales turnover from Trading activity was ₹21148 lacs.
- During the year, the Company earned Net Profit of ₹501 lacs as against ₹430 lacs in the previous year.

Outlook:

The Company expects to perform reasonably well subject to prevailing market conditions and fluctuations in exchange rate.

Directors:

In accordance with the Articles of Association of the Company, the tenure of Shri Santosh Kumar as a Director expires at the conclusion of the ensuing Annual General Meeting. Shri Santosh Kumar has expressed his unwillingness to be re-appointed as a Director. The Directors 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 A.D. Mavinkurve 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 that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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, 2012 and of the profit of the Company for that year;
- 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
- 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 Agreement 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, 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:

There is no employee in respect of whom information under Section 217(2A) of the Companies Act, 1956 is required to be given.

Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:

The information to the extent applicable to the Company is given in Annexure 1.

Appreciation:

The Directors wish to place on record their appreciation of the contribution made by the employees at all levels to the working of the Company. The Directors also wish to place on record their appreciation for the shareholders, dealers, consumers and banks for their continued support.

FOR AND ON BEHALF OF THE BOARD

Mumbai
Date: 23rd May, 2012

M.B. PAREKH
MANAGING DIRECTOR

N.K. PAREKH
DIRECTOR

**ANNEXURE I TO THE DIRECTORS' REPORT**

During the financial year 2011–2012, the Company did not have manufacturing activity. The company's current business activity is Trading in Chemicals. Hence, information as applicable to Trading Activity is only given.

- A. CONSERVATION OF ENERGY** - Not Applicable
 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** - Not Applicable
 (b) **CONSUMPTION PER UNIT OF PRODUCTION** - Not Applicable
B. TECHNOLOGY ABSORPTION - Not Applicable

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

Total Foreign Exchange used and earned:

	2011-2012	2010-2011
	₹	₹
1. Foreign Exchange used:		
i. Expenditure	-	-
ii. Imports (CIF basis)	1,76,32,05,365	1,36,46,99,662
2. Earnings on account of Export of Goods (FOB)		
i. In Foreign Exchange	81,64,742	-
ii. Deemed Export	-	-

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company's current business activity is Trading in Chemicals.

Industry Structure and Developments:

Large number of companies are active in trading of chemicals. 6 - 8 importers are regularly importing Vinyl Acetate Monomer for trading.

Opportunities, Threats, Outlook, Risks and Concerns:

The Company is currently engaged mainly in trading of Vinyl Acetate Monomer. The Company will weigh the opportunities and decide at an appropriate time whether to expand trading activity by trading in other chemicals.

The price and demand of various chemicals undergo fluctuations. Similarly, there are fluctuations in foreign currency rates. Hence, there is an inherent risk in trading activities.

Segment-wise Performance:

The Company's current business activity has only one primary reportable segment, namely trading in chemicals.

Internal Control Systems and Adequacy:

The Company has adequate internal control procedures commensurate with size and nature of its business. The internal control systems provide for policies, guidelines, authorisations and approval procedures.

The Audit Committee of the Board of Directors periodically reviews the internal audit reports, significant risk area assessment and adequacy of internal controls for ensuring checks and balances. The Company has appointed Internal Auditors who regularly check the adequacy and effectiveness of all Internal Controls and suggest improvements.

Financial Performance:

Financial results and performance for the year are elaborated in the Directors' Report.

Human Resources:

Harmonious relations continued to prevail with employees. The total number of employees as on 31st March, 2012 was 13.



AUDITORS' REPORT

The Shareholders of
Vinyl Chemicals (India) Ltd.

We have audited the attached Balance Sheet of Vinyl Chemicals (India) Ltd. as at 31st March, 2012 and the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in Annexure referred to above, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - b. In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of the books.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representation received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii. In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
D.A.KOTHARI & CO
CHARTERED ACCOUNTANTS
Firm Reg. No. 105299W

D.A.KOTHARI
PROPRIETOR
Membership Number 6301

Mumbai
Dated : 23rd May, 2012.

ANNEXURE REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF VINYL CHEMICALS (INDIA) LIMITED

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. We are informed that the fixed assets have been physically verified by the Management during the year. There is a regular programme of verification, which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
3. During the year, the Company has not disposed off a substantial part of fixed assets.
4. The Management has physically verified the inventories of the Company during the year. In our opinion, the frequency of verification is reasonable.
5. In our opinion, the procedures for physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. On the basis of our examination of the records of the Company, we are of the opinion that the Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical verification and book records, not being material, were appropriately dealt with.
7. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, clauses iii (b), (c) and (d) are not applicable to the Company and hence, not reported upon.
8. During the year, the Company has not taken any loans, secured or unsecured, from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, clauses iii (f) and (g) are not applicable to the Company and hence, not reported upon.
9. There is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct weaknesses in internal control system.
10. On the basis of our examination of relevant records and on the basis of representation received from the Management, particulars of contracts or arrangements that need to be entered in the register in pursuance of Section 301 of the Act have been so entered.



11. On the basis of our examination of the books of account, relevant information and explanations and representations as provided by the Company, the transactions exceeding ₹ 5 lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. The Company has not accepted any deposits under the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder.
13. The function of internal audit, as explained, is being carried out by outside professionals, which, in our opinion, is commensurate with its size and nature of its business.
14. We are informed that the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act, for the product dealt with by the Company.
15. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date it became payable.
16. According to the information and explanations given to us and also based on the Management's Representation, there have been no disputed dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been deposited on account of any dispute as at the balance sheet date.
17. The Company has neither accumulated losses as at 31st March, 2012, nor it has incurred any cash losses either in the financial year under audit and in the immediately preceding financial year.
18. According to the records of the Company, it has not defaulted in repayment of dues to financial institutions or banks or to debenture holders.
19. The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to it.