



Vinyl Chemicals (India) Ltd.

BOARD OF DIRECTORS

Shri M.B. Parekh - Chairman & Managing Director

Shri N.K. Parekh

Shri R.M. Gandhi

Smt. Y.J. Mogrelia

Shri A.D. Mavinkurve

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 Pvt. 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
Management Discussion and Analysis Report.....	5
Independent Auditors' Report	6
Balance Sheet.....	10
Statement of Profit & Loss	11
Cash Flow Statement.....	12
Notes to the Financial Statements.....	14
Corporate Governance Report.....	23
Auditors' Certificate on Corporate Governance.....	26
Information for Shareholders	27
Attendance Slip and Proxy Form.....	31

**DIRECTORS' REPORT**

Your Directors present the Twenty Eighth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2014.

Financial Results :

(₹ in lac)

Particulars	Current Year	Previous Year
Profit before Interest, Depreciation and Tax	1137	903
Less: Interest & Other Finance Costs	4	22
Depreciation	*	*
Profit before Taxation	1133	881
Less: Provision for Current Taxation	385	287
Provision for Deferred Tax	*	*
Profit for the year	748	594
Add: Profit Brought Forward from Previous Year	946	594
Profit available for appropriation	1694	1188
Appropriations:		
Proposed Dividend on Equity Shares	183	147
Tax on Dividend	31	25
Transfer to General Reserve	80	70
Total	294	242
Balance carried to Balance Sheet	1400	946

* less than ₹ 1 lac

Dividend:

Out of Current Year's profit, the Directors recommended payment of dividend of ₹ 1 per equity share of ₹ 1 each (previous year ₹ 0.80 per share) amounting to ₹ 1,83,37,111 (previous year ₹ 1,46,69,689) on 1,83,37,111 equity shares of ₹ 1 each.

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 ₹ 28,496 lacs.
- During the year, the Company earned Net Profit of ₹ 748 lacs as against ₹ 594 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 Article of Association of the Company, Shri N.K. Parekh, a Director of the Company, retires by rotation and being eligible, offer himself for re-appointment.

Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve are Non-Executive Independent Directors of the Company who are liable to retire by rotation. In terms of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, they are proposed to be appointed as Independent Directors for a term of 5 years from the date of this Annual General Meeting upto the conclusion of the Thirty Third Annual General Meeting of the Company to be held in respect of Financial Year ending 31st March, 2019 and they will not be liable to retire by rotation.

The Company has received declarations from them that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

The Company has received notices in writing from members alongwith requisite deposit as required under Section 160 of the Companies Act, 2013 proposing the candidature of Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve for the office of Directors of the Company.

In the opinion of the Board, Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and Rules framed thereunder and the Listing Agreement and they are Independent of the management.

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 31st March, 2014 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 I.

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: 28th July, 2014

M.B. PAREKH
CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE I TO THE DIRECTORS' REPORT**

During the financial year 2013–2014, 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:

	2013-2014	2012-2013
	₹	₹
1. Foreign Exchange used:		
i. Expenditure	-	-
ii. Imports (CIF basis)	2,61,63,71,527	2,03,89,94,796
2. Earnings on account of Export of Goods (FOB basis):		
i. In Foreign Exchange	-	-
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. About 10 - 11 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 their 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, 2014 were 11.



INDEPENDENT AUDITORS' REPORT

To The Members of
Vinyl Chemicals (India) Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Vinyl Chemicals (India) Ltd ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 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 those 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 comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs).
 - e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **D A KOTHARI & CO**
CHARTERED ACCOUNTANTS
Firm's Registration No. 105299W

D A KOTHARI
PROPRIETOR
Membership Number 6301

Mumbai

Dated: 19th May, 2014



Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

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 Rs 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 except as detailed below-

Name of Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Assessment U/s 143(3)	4,27,420	A Y 2010-11	ITAT, Mumbai
Income Tax Act	Assessment U/s 143(3)	5,80,010	A Y 2011-12	CIT(Appeals), Mumbai
Maharashtra Value Added Tax Act	Assessment Dues	81,77,742	A Y 2006-07	Appeal being filed with JC (Appeal V), Sales Tax Office, Mumbai
Central Sales Tax Act	Assessment Dues	42,78,179	A Y 2006-07	Appeal being filed with JC (Appeal V), Sales Tax Office, Mumbai
Maharashtra Value Added Tax Act	Assessment Dues	62,67,349	A Y 2009-10	JC (Appeal V), Mumbai

17. The Company has neither accumulated losses as at 31st March 2014 nor it has incurred any cash losses either in the financial year under audit or 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.
21. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
22. The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
23. We are informed that the Company has not taken any term loan during the year.
24. On the basis of review of utilization of funds which is based on overall examination of the balance sheet of the Company and related information made available to us and as represented to us by the Management, no funds raised on short-term basis have been utilized for long term purpose.
25. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
26. As informed to us, the Company has not issued any debentures during the year.
27. The Company has not raised any money by public issue during the year.
28. As per the information and explanations given to us and on the basis of examination of records, no fraud on or by the Company has been noticed or reported during the year.

For **D A KOTHARI & CO**
CHARTERED ACCOUNTANTS
Firm's Registration No. 105299W

D A KOTHARI
PROPRIETOR
Membership Number 6301

Mumbai
Dated: 19th May, 2014