



Vinyl Chemicals (India) Ltd.

23RD ANNUAL REPORT 2008-2009



BOARD OF DIRECTORS

- Shri B.K. Parekh**, Chairman
- Shri S.K. Parekh** (upto 23.2.2009)
- Shri N.K. Parekh**
- Shri M.B. Parekh**, Managing Director
- Shri R.M. Gandhi**
- Smt. Y.J. Mogrelia**
- Shri A.K. Basu Roy**
- Shri A.D. Mavinkurve** (w.e.f. 27.1.2009)
- Shri Santosh Kumar** (w.e.f. 26.5.2009)

PRESIDENT & SECRETARY

Shri P.C. Patel

AUDITORS

D.A. Kothari & Co.
Haribhakti & 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 SHARE TRANSFER AGENTS

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

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DIRECTORS' REPORT

Your Directors present the Twenty Third Annual Report and the Audited Statements of Accounts for the year ended 31st March 2009.

Financial Results:

The Financial Performance of the Company is summarised as under:

	(Rupees in lac)	
	Current year	Previous year
Profit before Interest and Depreciation	115	340
Less : Interest	*	*
Depreciation	*	*
Profit Before Taxation	115	340
Less : Provision for Taxation (including FBT)	26	119
Profit for the year	89	221
Less : (Loss) Brought Forward from Previous Year	(621)	(841)
(Loss) carried to Balance Sheet	<u>(532)</u>	<u>(620)</u>

* less than Rs 1 lac.

Dividend:

To conserve the resources of the company for its Trading business, your Directors do not recommend any dividend for the year.

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 Rs 7280 lac.
- During the year, Company earned Net Profit of Rs 89 lac as against profit of Rs 221 lac in the previous year.

Outlook:

The Company is engaged mainly in trading of Vinyl Acetate Monomer. There are opportunities for expanding trading activities to include a few other chemicals. However, the slowdown in various industries need to be studied before such decision. The Company will weigh the opportunities and decide at an appropriate time whether to expand trading activity.

As the price and demand of various chemicals is under going drastic fluctuations, there is an inherent risk of incurring loss in any trading activity due to such price and demand fluctuations as well as due to fluctuations in the foreign currency rates.

Directors:

Effective from 24th February 2009, Shri S. K. Parekh resigned from the Board of Directors. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him during his tenure on the Board.

Shri A.K. Basu Roy who retires as a Director at the next Annual General Meeting, has expressed his desire not to stand for re-election. 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 B. K. Parekh, Director of the Company retires by rotation and being eligible, offer himself for re-appointment.

Shri A. D. Mavinkurve has been appointed as an Additional Director of the Company with effect from 27th January 2009 and he holds office upto the conclusion of the ensuing Annual General Meeting. A notice in writing, with requisite deposit has been received from a member proposing Shri A. D. Mavinkurve as a candidate for the office of Director.

Shri Santosh Kumar has been appointed as an Additional Director of the Company with effect from 26th May 2009 and he holds office upto the conclusion of the ensuing Annual General Meeting. A notice in writing, with requisite deposit has been received from a member proposing Shri Santosh Kumar as a candidate for the office of Director.

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 2009 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 Agreements with Stock Exchanges along with a certificate from the Auditors of the Company are given separately in this Annual Report.

Auditors:

M/s. Haribhakti & Co., and M/s. D.A. Kothari & Co., Chartered Accountants retire at the ensuing Annual General Meeting.

M/s. Haribhakti & Co., Chartered Accountants have expressed their unwillingness to continue as Joint Auditors of the Company. It is proposed that vacancy caused by resignation of M/s. Haribhakti & Co., Chartered Accountants, one of the joint auditors, shall not be filled up and statutory audit of the company, commencing from Financial Year 1st April, 2009 shall be conducted solely by one Chartered Accountant, namely M/s. D. A. Kothari & Co.

M/s D.A. Kothari & Co, Chartered Accountants, 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 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.

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 : 26th May 2009

B. K. PAREKH
CHAIRMAN

**ANNEXURE I TO THE DIRECTORS' REPORT****Notes:**

1. The Company's VAM Manufacturing Undertaking at Mahad was demerged into Pidilite Industries Ltd. (PIL) w.e.f. 1st April 2007 pursuant to the Scheme of Demerger sanctioned by the Hon'ble High Court of Judicature at Bombay on 14th December 2007 (Effective date 18th January 2008). Accordingly details are for the period from 1st April 2007 to 18th January 2008 given in 2007 - 2008.
2. During the year 2008 - 2009 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:

		2008 - 2009	2007 - 2008 (1.4.2007 to 18.1.2008)
I. A. Electricity - Purchased from MSEB:			
a. Total Units Purchased/Consumed	KWH	N.A.	74,61,683
b. Total amount of Electricity Bill	Rs.	N.A.	2,88,48,285
c. Rate per unit	Rs.	N.A.	3.87
B. Own Generation through Windmill :			
a. Total Units Generated	KWH	N.A.	9,54,661
b. Total amount of Electricity Bill	Rs.	N.A.	29,49,804
c. Rate per unit	Rs.	N.A.	3.09
C. Own Generation through Diesel Generator:			
a. Total Units Generated	KWH	N.A.	41,278
b. Cost of Diesel Consumed Nil (P.Y.12960 Ltrs.)	Rs.	N.A.	4,42,951
c. Rate per unit (Average)	Rs.	N.A.	10.73
d. Units Generated per Litre of Diesel Oil (Average)		N.A.	3.19 N.A.
II. Coal :			
III. Steam Generation:			
a. Steam Generated	M.T.	N.A.	32,122
b. Consumption of Fuel Oil Furnace Oil Nil (P.Y.64.710 KL)	Rs.	N.A.	10,46,361
c. Consumption of Coal Nil (P.Y.4335.620 MT)	Rs.	N.A.	2,03,63,795
d. Cost per unit (Kg.) of Steam Generated (Average)	Rs.	N.A.	0.67
e. Kg. of Steam per Litre of Furnace Oil/L.S.H.S (Average)		N.A.	4.23
f. Kg. of Steam per Kg. of Coal		N.A.	7.35

(B) CONSUMPTION PER UNIT OF PRODUCTION:

a) PRODUCT (Unit in M.T.)		Vinyl Acetate Monomer	
		2008 - 2009	2007 - 2008 (1.4.2007 to 18.1.2008)
Electricity	(KWH/M.T.)	N.A.	297
	(Rs./M.T.)	N.A.	1,122
Coal	(KGS/M.T.)	N.A.	251
	(Rs./M.T.)	N.A.	1,177
Furnace Oil/LSHS	(LITRES/M.T.)	N.A.	4
	(Rs./M.T.)		60
b) PRODUCT (Unit in M.T.)		Oxygen / Nitrogen	
		2008 - 2009	2007 - 2008 (1.4.2007 to 18.1.2008)
Electricity	(KWH/M.T.)	N.A.	775
	(Rs./M.T.)	N.A.	3,001

B. TECHNOLOGY ABSORPTION:

Not Applicable

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

Total Foreign Exchange used and earned:

		2008 - 2009	2007 - 2008
1. Foreign Exchange Used			
i. Expenditure	Rs.	-	-
ii. Imports (CIF Basis)	Rs.	70,27,13,628	79,45,75,784
2. Earnings on account of Export of Goods (FOB)			
i. In Foreign Exchange	Rs.	-	-
ii. Deemed Export	Rs.	-	-



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.

As the price and demand of various chemicals is undergoing drastic fluctuations, there is an inherent risk of incurring loss in any trading activity due to such price and demand fluctuations, as well as due to fluctuations in the foreign currency rates.

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.

AUDITORS' REPORT

TO THE MEMBERS OF VINYL CHEMICALS (INDIA) LIMITED

We have audited the attached Balance Sheet of **VINYL CHEMICALS (INDIA) LIMITED** ('the Company') as at 31st March, 2009, the Profit and Loss Account for the year ended on that date and also Cash Flow Statement 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 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, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as the 'Act'), 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 enclose in the Annexure 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, we report that:
 - (i) 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.
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (v) On the basis of written representations received from the directors of the Company as on 31st March, 2009 and taken on record by the Board of Directors of the Company, we report that none of the directors is, disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements read together with notes thereon, 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:
 - (a) in case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - (b) in case of Profit and Loss Account, of the profit for the year ended on that date and
 - (c) in case of 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

D.A. KOTHARI
Proprietor
Membership No. 6301

For and on behalf of
HARIBHAKTI & CO.
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

PLACE : MUMBAI
DATE : 26th May, 2009



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, clause 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 major 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 there under.
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, 1956 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, 2009 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 any 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 the others from bank 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 loans 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 as 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 and on behalf of	For and on behalf of
	D.A. KOTHARI & CO.	HARIBHAKTI & CO.
	Chartered Accountants	Chartered Accountants
	D.A. KOTHARI	CHETAN DESAI
	Proprietor	Partner
PLACE : MUMBAI	Membership No. 6301	Membership No. 17000
DATE : 26th May, 2009		

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
I SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS				
Capital	1	1,83,79,211		1,83,79,211
Reserves and Surplus	2	<u>1,75,42,582</u>		<u>86,63,339</u>
			3,59,21,793	2,70,42,550
2. LOAN FUNDS				
Unsecured Loans	3	<u>1,05,67,577</u>		-
			<u>1,05,67,577</u>	-
TOTAL			<u>4,64,89,370</u>	<u>2,70,42,550</u>
II APPLICATION OF FUNDS:				
1. FIXED ASSETS:				
Gross Block	4	25,13,671		28,53,229
Less: Depreciation		<u>28,579</u>		<u>3,99,824</u>
Net Block		24,85,092		24,53,405
Capital work-in-progress	5	-		<u>5,44,257</u>
			24,85,092	29,97,662
2. INVESTMENTS				
	6		2,54,12,797	9,44,616
3. CURRENT ASSETS, LOANS AND ADVANCES:				
Inventories	7	11,96,58,184		12,45,23,901
Sundry Debtors		3,37,43,425		6,40,91,981
Cash and Bank Balances		97,29,199		3,71,19,778
Loans and Advances		<u>1,91,88,197</u>		<u>3,60,04,974</u>
		<u>18,23,19,005</u>		<u>26,17,40,634</u>
Less: CURRENT LIABILITIES AND PROVISIONS:				
Liabilities	8	16,21,91,902		23,75,00,033
Provisions		<u>15,35,622</u>		<u>11,40,329</u>
		<u>16,37,27,524</u>		<u>23,86,40,362</u>
NET CURRENT ASSETS			1,85,91,481	2,31,00,272
4. MISCELLANEOUS EXPENDITURE AND LOSSES:				
Profit and Loss Account-Debit Balance		5,31,79,513		6,20,58,756
Less: General Reserve deducted per contra		<u>5,31,79,513</u>		<u>6,20,58,756</u>
			-	-
TOTAL			<u>4,64,89,370</u>	<u>2,70,42,550</u>
NOTES FORMING PART OF THE ACCOUNTS		13		

As per our report of even date

For and on behalf of the Board

For **D.A. Kothari & Co.**
Chartered AccountantsFor **Haribhakti & Co.**
Chartered Accountants**B.K. Parekh** Chairman**D.A. Kothari**
Proprietor**Chetan Desai**
Partner**P.C. Patel**
President
& Secretary**M.B. Parekh** Managing DirectorMumbai
Dated: 26th May, 2009Mumbai
Dated: 26th May, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
I INCOME:				
Gross Sales			72,79,85,325	91,30,14,044
Other Income	9		4,89,78,911	2,48,09,143
			<u>77,69,64,236</u>	<u>93,78,23,187</u>
II EXPENDITURE:				
Materials	10	72,71,32,829		88,97,52,503
Other Expenses	11	3,82,51,908		1,40,42,944
			<u>76,53,84,737</u>	<u>90,37,95,447</u>
Profit before Interest and Depreciation			1,15,79,499	3,40,27,740
Less:Interest (Net)	12		3,683	50
Profit before Depreciation			1,15,75,816	3,40,27,690
Less:Depreciation			43,573	54,828
Profit before Taxation			1,15,32,243	3,39,72,862
Less:Provision for Taxation				
Current Taxation		26,53,000		1,18,91,800
			<u>26,53,000</u>	<u>1,18,91,800</u>
Profit for the year after tax			88,79,243	2,20,81,062
Add:(Loss) brought forward from the previous year			(6,20,58,756)	(8,41,39,818)
(Loss) carried to Balance Sheet			<u>(5,31,79,513)</u>	<u>(6,20,58,756)</u>
Earning Per Share excluding extraordinary item			0.48	1.20
(Refer Note No.(II) (7) of Schedule 13)				
Face value per share			1.00	1.00
NOTES FORMING PART OF THE ACCOUNTS	13			

As per our report of even date

For and on behalf of the Board

For **D.A. Kothari & Co.**
Chartered AccountantsFor **Haribhakti & Co.**
Chartered Accountants**B.K. Parekh** Chairman**D.A. Kothari**
Proprietor**Chetan Desai**
Partner**P.C. Patel**
President
& Secretary**M.B. Parekh** Managing DirectorMumbai
Dated: 26th May, 2009Mumbai
Dated: 26th May, 2009

**Schedule Nos. 1 to 13 annexed to and forming part of Balance Sheet and Profit and Loss Account for the year ended 31st March, 2009**

	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SCHEDULE 1			
SHARE CAPITAL:			
Authorised			
3,49,66,001 Equity Shares of Re.1 each (Previous year 3,49,66,001 Equity Shares of Re. 1 each)		3,49,66,001	3,49,66,001
Issued:			
1,83,43,984 Equity Shares of Re 1 each (Previous Year 1,83,43,984 Equity Shares of Re.1 each)		1,83,43,984	1,83,43,984
Subscribed and Paid-up:			
1,83,37,111 Equity Shares of Re 1 each (Previous Year 1,83,37,111 Equity Shares of Re.1 each)	1,83,37,111		1,83,37,111
Add: Amount Received on 6,873 (previous year 6,873)	42,100		42,100
Forfeited Equity Shares			
		1,83,79,211	1,83,79,211
TOTAL		1,83,79,211	1,83,79,211
SCHEDULE 2			
RESERVES AND SURPLUS:			
Capital Reserves		54,11,525	54,11,525
Share Premium	-		3,65,96,605
Less: Adjusted against Reconstruction Adjustment Account	-		3,65,96,605
			-
General Reserve:	6,53,10,570		16,68,51,440
Less: Adjusted against Reconstruction Adjustment Account as at 1.4.2007	-		10,14,39,317
Less: Adjusted against liability of Gratuity as at 1.4.07 as per Revised A S-15	-		1,01,553
Less: Debit balance in Profit and Loss Account deducted for contra	5,31,79,513		6,20,58,756
		1,21,31,057	32,51,814
TOTAL		1,75,42,582	86,63,339

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SCHEDULE 3		
UNSECURED LOANS:		
LONG TERM:		
Sales-Tax Deferment on:		
Plant Expansion	1,05,67,577	-
TOTAL	<u>1,05,67,577</u>	<u>-</u>
i) Repayable within one year Rs.Nil. (Previous Year Rs.Nil)		
ii) Claims in respect of earlier years claimed during the year.		

SCHEDULE 4**FIXED ASSETS:**

PARTICULARS	GROSS BLOCK (AT COST)					DEPRECIATION					NET BLOCK	
	AS AT 1.4.2008	ADDITIONS	DEDUCTIONS	DEDUCTIONS FOR DEMURGED UNIT	TOTAL UPTO 31.3.2009	UPTO 31.3.2008	ADDITIONS	DEDUCTIONS	DEDUCTION FOR DEMURGED UNIT	TOTAL UPTO 31.3.2009	AS AT 31.3.2009	AS AT 31.3.2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Freehold Land	19,67,965	-	1,10,655	-	18,57,310	-	-	-	-	-	18,57,310	19,67,965
Plant and Machinery	-	6,56,361	-	-	6,56,361	-	28,579	-	-	28,579	6,27,782	-
Furniture and Fixtures	8,85,264	-	8,85,264	-	-	3,99,824	14,994	4,14,818	-	-	-	4,85,440
TOTAL	28,53,229	6,56,361	9,95,919	-	25,13,671	3,99,824	43,573	4,14,818	-	28,579	24,85,092	24,53,405
Previous Year	82,08,08,693	1,24,900	-	81,80,80,364	28,53,229	42,85,30,284	54,828	-	42,81,85,288	3,99,824	24,53,405	



	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SCHEDULE 5			
CAPITAL WORK-IN-PROGRESS:			
Equipment Work-in-Progress		-	5,44,257
TOTAL		<u>-</u>	<u>5,44,257</u>
SCHEDULE 6			
INVESTMENTS (AT COST):			
LONG TERM:			
UNQUOTED:			
Infinity Venture India Fund (200 Units (Previous Year 200) of Rs. 4,723 (Previous Year Rs.4,723) per unit)		9,44,616	9,44,616
SHORT TERM:			
UNQUOTED:			
Birla Sun Life Savings Fund (24,39,503 Units (Previous Year Nil) of Rs.10.03 (Previous Year Rs.Nil) per unit)		2,44,68,181	-
TOTAL		<u>2,54,12,797</u>	<u>9,44,616</u>
Note: During the year, the Company has purchased 2,19,83,936 and sold 1,95,44,433 Birla Sun Life Savings Fund-Dividend Reinvested Units of face value of Rs 10 per unit of Birla Mutual Fund.			
SCHEDULE 7			
CURRENT ASSETS, LOANS AND ADVANCES:			
A. CURRENT ASSETS:			
Inventories:			
(As valued and certified by the Management)			
Traded Goods (At cost or market value whichever is lower)		11,96,58,184	12,45,23,901
Sundry Debtors:			
(Unsecured, considered good)			
Debts outstanding for a period exceeding six months	30,781		12,65,864
Others	<u>3,37,12,644</u>		<u>6,28,26,117</u>
		3,37,43,425	6,40,91,981
Cash and Bank Balances:			
Cash Balance	26,989		35,594
Bank Balances with Scheduled Banks:			
In Current Accounts	96,50,911		3,66,25,041
In Unclaimed Dividend Accounts	<u>51,299</u>		<u>4,59,143</u>
		97,29,199	3,71,19,778
Carried forward		<u>16,31,30,808</u>	<u>22,57,35,660</u>



	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
Brought forward		16,31,30,808	22,57,35,660
B. LOANS AND ADVANCES: (Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received *	70,91,027		2,72,67,615
Loans to Staff	2,46,285		3,14,215
VAT Refund receivable	1,18,50,885		66,22,944
Advance Payment of Tax (Net)	-		1,08,200
Deposits	-		16,92,000
		<u>1,91,88,197</u>	<u>3,60,04,974</u>
TOTAL		<u>18,23,19,005</u>	<u>26,17,40,634</u>
*Note: Includes claims in respect of earlier years claimed during the year.			
SCHEDULE 8			
CURRENT LIABILITIES AND PROVISIONS:			
A. LIABILITIES:			
Sundry Creditors:			
Dues to other than Small or Medium Enterprises	16,05,99,045		23,60,36,458
Other liabilities	15,35,729		9,97,509
Investor Education and Protection Fund shall be credited for the following to the extent required as and when necessary:			
Unclaimed Dividend	<u>57,128</u>		<u>4,66,066</u>
		16,21,91,902	23,75,00,033
B. PROVISIONS:			
For Leave Encashment		4,11,699	11,40,329
Provision for taxation (Net)		11,23,923	-
TOTAL		<u>16,37,27,524</u>	<u>23,86,40,362</u>
SCHEDULE 9			
OTHER INCOME:			
Recovery of Bad Debts Written Off in earlier years		-	3,50,000
Dividend Received		22,01,092	-
Profit on Sale of Investment		1,29,459	(6,26,480)
Profit on Sale of Fixed Assets		6,25,031	-
Insurance Claims Received		13,82,834	29,85,312
Difference in Rate of Exchange		-	1,89,36,049
Miscellaneous Income		4,46,40,495	31,64,262
TOTAL		<u>4,89,78,911</u>	<u>2,48,09,143</u>
		Current Year Rupees	Previous Year Rupees

	Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 10			
MATERIALS:			
Traded Goods:			
Opening Stock	12,45,23,901		19,88,65,135
Add: Purchases	72,22,67,112		81,54,11,269
	<u>84,67,91,013</u>		<u>1,01,42,76,404</u>
Less: Closing Stock	<u>11,96,58,184</u>		<u>12,45,23,901</u>
		72,71,32,829	88,97,52,503
TOTAL		<u><u>72,71,32,829</u></u>	<u><u>88,97,52,503</u></u>
SCHEDULE 11			
OTHER EXPENSES:			
Clearing and Forwarding		940	22,196
Employees Emoluments:			
Salary, Wages, Allowances etc.	62,38,929		74,02,416
Contribution to Provident and Other Funds	3,03,937		7,09,540
Staff Welfare	<u>2,52,815</u>		<u>2,78,970</u>
		67,95,681	83,90,926
Rates and Taxes		-	8,100
Insurance		6,82,706	13,22,913
Repairs and Maintenance:			
Others		7,770	32,143
Printing and Stationery		59,428	45,912
Postage and Telephone		1,09,199	1,58,822
Travelling and Conveyance		4,04,507	4,00,432
Motor Car Expenses		1,16,703	2,44,748
Cash Discount		3,00,277	-
Selling Expenses		5,51,970	19,902
Directors' Fees		95,000	57,052
Auditors' Remuneration		3,25,568	2,14,000
Bank Charges		8,87,186	17,78,591
Difference in Rate of Exchange		2,36,41,742	-
General Expenses		42,73,231	13,47,207
TOTAL		<u><u>3,82,51,908</u></u>	<u><u>1,40,42,944</u></u>
SCHEDULE 12			
INTEREST (NET):			
Interest Expenses:			
Others		3,683	50
TOTAL		<u><u>3,683</u></u>	<u><u>50</u></u>



SCHEDULE 13

NOTES FORMING PART OF THE ACCOUNTS:

I. ACCOUNTING POLICIES

1. The Company maintains its accounts on accrual basis following the historical cost convention, in compliance with the Accounting Standards specified to be mandatory by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
2. a. Tangible assets are stated at cost.
b. Depreciation has been provided on straight line method on Assets, as per the Rates specified in Schedule XIV of the Companies Act, 1956..
3. Traded Goods are valued at actual cost or net realisable value, whichever is lower.
4. Investments are stated at cost. Diminution of permanent nature in the value of investments is provided for.
5. Foreign Currency transactions are recorded at the exchange rates prevailing on the date of transaction. Foreign currency assets and liabilities are restated at rates ruling at the year end or at contract rate. The exchange difference arising from the above is recognised in the Profit and Loss Account.
6. Employees' Benefits:
 - a. Contribution to Provident and Family Pension Fund are funded as a percentage of salary.
 - b. Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.
 - c. Leave encashment liability is provided for on the basis of actuarial valuation as at the year end.
7. Revenue Recognition:
 - i) Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.
 - ii) Claims which are not of material nature/insurance claims etc. are accounted for when no significant uncertainties are attached to their eventual receipt.
 - iii) Negotiated price reduction obtained from supplier is accounted for as a part of 'Miscellaneous Income'.

II. OTHERS

1. Contingent Liabilities not provided for:
 - a. Guarantees given by the Company's Banker on behalf of the Company, Rs.171.05 Lacs (Previous Year Rs.182.01 Lacs).
 - b. Disputed demand from Income-Tax Rs.38.44 Lacs (Previous Year Rs.38.44 Lacs) & for Service Tax Rs Nil (Previous Year Rs.10.56 Lacs)

2. Auditors' Remuneration (including service tax):

	2008-09 Rupees	2007-08 Rupees
Audit Fees	1,10,300	1,12,360
Tax Audit Fees	27,575	33,708
Tax Representation	1,11,330	67,416
Other Services	76,363	24,966
	<u>3,25,568</u>	<u>2,38,450</u>

3. Value of Imports on CIF basis:

Traded Goods	70,27,13,628	79,45,75,784
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4. Sundry Debtors include due from:

Company as per section 370 (1B): Pidilite Industries Ltd.	3,58,24,907	5,96,43,238
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5. As per the available records, the Company does not owe a sum outstanding for more than 30 days to any Small or Medium Enterprise as referred to under clause (j) of Section 3 of the Industries (Development and Regulation) Act, 1951.

6. Related party disclosure:

Related party disclosures, as required by AS - 18, are given below:

i. Relationship:

Pidilite Industries Ltd. Holds 40.64 % of Equity Shares of the Company

ii. Key Management Personnel Shri M.B.Parekh, Managing Director

iii. Other Directors Sarva Shri B.K.Parekh, S.K.Parekh, N.K.Parekh, R.M.Gandhi, A.K. Basu Roy, A.D.Mavinkurve and Smt Y.J.Mogrelia

iv. Transactions with Related Party are as follows:

	2008-09	2007-08
Sales and related income	71,05,97	67,94,35
Purchase and other services	-	26,42
Sitting Fees to Directors	95	57
Sale of fixed assets	5,29	-
Reimbursements received	58,78	-
Reimbursements made	4,89	-
Outstanding Balance:		
Debtors	3,58,25	5,96,43
Creditors	-	(26,42)

Except sitting fees to Directors, the rest of above transactions are with Pidilite Industries Ltd.

No amounts have been written off or written back during the year in respect of debts due from or to Related Parties.

7. Profit/(Loss) per Share:

	31.3.2009	31.3.2008
a. Computation for both Basic and Diluted Profit/(Loss) per Share of Re. 1 each (Previous Year Re. 1 each)		
Profit/(Loss) as per Profit & Loss Account available for Equity Shareholders (Rs./Lac)	88.79	220.81
b. Number of equity shares for Basic and Diluted Profit/(Loss) per Share computation	1,83,37,111	1,83,37,111
c. Basic and Diluted Profit/ (Loss) per Share (Rs.)	0.48	1.20

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



9. Quantitative details in respect of Opening Stock, Production, Purchases, Sales and Closing Stock of:

A. Traded Goods (Chemicals):

	2008-09		2007-08	
	Qty Kgs.	Value Rupees	Qty Kgs.	Value Rupees
Opening Stock	33,61,731	12,45,23,901	45,36,568	19,88,65,135
Purchases	1,78,67,374	72,22,67,112	1,93,05,818	81,54,11,269
Sales	1,81,79,196	72,79,85,325	2,04,80,655	91,30,14,044
Closing Stock	30,49,909	11,96,58,184	33,61,731	12,45,23,901

10. Disclosure as per Accounting Standard 15 (Revised)

The following table sets out the status of the Gratuity Plan as required under AS 15 (Revised):-

	Rupees	
	As on 31/03/2009	As on 31/03/2008
Statement showing changes in present value of obligations		
Present value of obligations as at beginning of year	10,04,296	9,13,901
Interest cost	80,344	73,112
Current Service Cost	47,321	47,321
Benefits Paid	47,054	2,55,223
Actuarial (gain)/Loss on obligations	(4,66,189)	2,25,185
Present value of obligations as at end of year	6,18,718	10,04,296
Statement showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	11,36,439	8,12,348
Expected return on plan assets	1,68,013	1,23,462
Contributions	6,08,800	4,55,852
Benefits paid	47,054	2,55,223
Actuarial Gain/(Loss) on Plan assets	1,34,645	NIL
Fair value of plan assets at the end of year	20,00,843	11,36,439
Percentage of each category of Plan Assets to total fair value of plan Assets as at 31 st March,2009:		
Administered by Life Insurance Corporation of India	20,00,843	11,36,439
Actuarial Gain/Loss recognized		
Actuarial gain/(Loss) for the year -Obligation	4,66,189	(2,25,185)
Actuarial gain/(Loss) for the year - plan assets	1,34,645	NIL
Total gain/(Loss) for the year	6,00,834	(2,25,185)
Actuarial gain/(Loss) recognized in the year	6,00,834	(2,25,185)

	As on 31/03/2009	As on 31/03/2008
The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	6,18,718	10,04,296
Fair value of plan assets as at the end of the year	20,00,843	11,36,439
Funded status	13,82,125	1,32,143
Net Asset/(liability) recognized in balance sheet	13,82,125	1,32,143
Expenses Recognised in statement of Profit & loss		
Current Service cost	47,321	47,321
Interest Cost	80,344	73,112
Expected return on plan assets	1,68,013	1,23,462
Net Actuarial (gain)/Loss recognised in the year	(6,00,834)	2,25,185
Expenses/(Income) recognised in statement of Profit & loss	(6,41,182)	2,22,156

The above information is compiled based on the data given by LIC after making the necessary adjustments consequent to demerger.

11. Previous year's figures have been regrouped wherever necessary.



12. Information pursuant to the provisions of Part IV to the Companies Act, 1956:

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

	3	9	8	3	7
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 State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	0	9
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Date Month Year

II. Capital Raised during the Year (Amount Rs in Thousands)

Public Issue	Rights Issue
- - - - -	- - - - -
Bonus Issue	Private Placement
- - - - -	- - - - -

III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities	Total Assets
2 1 0 2 1 7	2 1 0 2 1 7
Sources of Funds	Reserves & Surplus
Paid-up Capital	1 7 5 4 3
1 8 3 7 9	Unsecured Loans
Secured Loans	1 0 5 6 8
- - - - -	

Application of Funds

Net Fixed Assets	Investment
2 4 8 5	2 5 4 1 3
Deferred Tax	Net Current Assets
- - - - -	1 8 5 9 1
Accumulated Losses	
- - - - -	

IV. Performance of Company (Amount Rs in Thousands)

Turnover	Total Expenditure
7 7 6 9 6 4	7 6 5 4 3 2
Profit / Loss Before Tax	Profit / Loss After Tax
+ <input checked="" type="checkbox"/> - <input type="checkbox"/> 1 1 5 3 2	+ <input checked="" type="checkbox"/> - <input type="checkbox"/> 8 8 7 9

(Please tick Appropriate box + for Profit, - for Loss)

Earning Per Share in Rs

(+)	0	.	4	8
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 Dividend Rate %

-	-
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V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

	2	9	1	5	3	2	0	0
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Product Description

V	I	N	Y	L	A	C	E	T	A	T	E	M	O	N	O	M	E	R
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Item Code No. (ITC Code)

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 NOT APPLICABLE

Item Code No. (ITC Code)

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 NOT APPLICABLE

As per our report of even date

For and on behalf of the Board

For **D.A. Kothari & Co.**
Chartered Accountants

For **Haribhakti & Co.**
Chartered Accountants

B.K. Parekh Chairman

D.A. Kothari
Proprietor

Chetan Desai
Partner

P.C. Patel
President
& Secretary

M.B. Parekh Managing Director

Mumbai
Dated : 26th May, 2009

Mumbai
Dated : 26th May, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Current Year		Previous Year
	Rupees in '000	Rupees in '000	Rupees in '000
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) before Tax and extraordinary items		1,15,32	3,39,73
Adjustments for:			
Depreciation	44		55
Profit on sale of Fixed Assets (Net)	(6,26)		-
Interest	4		-
(Profit)/Loss on Sale of Investments	(1,29)		6,26
Dividend Received	(22,01)		-
		(29,08)	6,81
Operating Profit/(Loss) before Working Capital Changes		86,24	3,46,54
Adjustments for:			
Trade and Other Receivables	3,03,49		7,48,12
Inventories	48,66		20,29,81
Trade Payables and Other Liabilities	(7,49,13)		(12,46,37)
Other Current Assets	1,68,16		4,22,00
		(2,28,82)	19,53,56
Cash generated from Operations		(1,42,58)	23,00,10
Interest Paid	(4)		-
Direct Taxes Paid (Net)	(26,53)		(1,18,92)
		(26,57)	(1,18,92)
Cash Flow before extraordinary items		(1,69,15)	21,81,18
Extraordinary items			
Reduction in share capital due to demerger		-	(16,50,34)
Excess of assets over liabilities transferred in demerger		-	(13,80,35)
Deferred Tax transferred in demerger		-	4,71,10
Adjustment of Gratuity Liability as on 1.4.07 against reserves		-	(1,02)
Net Cash from Operating Activities		(1,69,15)	(3,79,43)
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(1,12)	(6,69)
Sale of Fixed Assets		12,06	39,45,02
Purchase of Investment (Net)		(2,43,39)	-
Sale of Investment		-	10,20
Dividend Received		22,01	-
Net Cash used in Investing Activities		(2,10,44)	39,48,53
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from/(Repayment of) Loan Funds		1,05,68	(16,02,83)
Increase/(Decrease) in Bank Finance		-	(16,39,73)
Net Cash from Financing Activities		1,05,68	(32,42,56)
Net (Decrease)/Increase in Cash and Cash Equivalents		(2,73,91)	3,26,54
Cash and Cash Equivalents at the beginning of the year		3,71,20	44,66
Cash and Cash Equivalents at the close of the year		97,29	3,71,20

As per our report of even date

For and on behalf of the Board

For **D.A. Kothari & Co.**
Chartered Accountants

For **Haribhakti & Co.**
Chartered Accountants

B.K. Parekh Chairman

D.A. Kothari
Proprietor

Chetan Desai
Partner

P.C. Patel
President
& Secretary

M.B. Parekh Managing Director

Mumbai
Dated : 26th May, 2009

Mumbai
Dated : 26th May, 2009

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 2008-2009, 4 Board Meetings were held on 20th May 2008, 29th July 2008, 14th October 2008 and 27th January 2009.

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, 2009 in other companies *	No. of committee positions held in other companies @	
						Member-ships	Chairman-ships
1	Shri B.K. Parekh (Chairman)	NED (P)	4	Yes	15	2	-
2	Shri S.K.Parekh**	NED (P)	3	No	NA	-	-
3	Shri M.B.Parekh (Managing Director)	ED (P)	4	Yes	9	-	-
4	Shri N.K.Parekh	NED (P)	2	Yes	8	-	-
5	Shri R.M.Gandhi	NED (I)	4	Yes	4	1	4
6	Smt Y.J.Mogrelia	NED (I)	4	Yes	-	-	-
7	Shri A.K.Basu Roy	NED	4	Yes	-	-	-
8	Shri A.D. Mavinkurve ***	NED (I)	-	NA	1	-	-

* Including Directorships in Private Limited Companies and Section 25 Companies

@ Includes position in Audit Committee and Shareholders/Investors Grievance Committee only

** Resigned as Director w.e.f. 24th February, 2009

*** Appointed as Additional Director w.e.f. 27th January, 2009

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

Shri B.K.Parekh and Shri N.K.Parekh are related to each other. Shri M.B.Parekh is related to Shri B.K.Parekh

3. Audit Committee:

During the financial year 2008-2009, 4 meetings of the Committee were held on 20th May 2008, 29th July 2008, 14th October 2008 and 27th January 2009.

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

* Ceased to be a member of the Committee w.e.f. 24th February, 2009 on his resignation as a Director.

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 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:

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. The Committee did not meet during the year, as there was no matter to be dealt with by the Committee.

Details of composition of the Committee are given below:

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

Shri M.B. Parekh is the Managing Director having tenure of 5 years. Shri M.B.Parekh 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, 2009 to the Non Executive Directors for attending the Board/Committee meetings are as follows :

Shri B.K.Parekh - Rs.19,500; Shri S.K.Parekh - Rs.18,000; Shri N.K.Parekh - Rs.12,500; Shri R.M.Gandhi - Rs.17,000; Smt. Y.J.Mogrelia - Rs.16,000; Shri A.K.Basu Roy – Rs.12,000 and Shri A.D.Mavinkurve – NIL.

The number of equity shares of face value of Re.1 each of the Company held by Non Executive Directors as on 31st March, 2009 are as follows:

Shri B.K.Parekh - 45,876; Shri N.K.Parekh - 75,951; Shri R.M.Gandhi - 2,700; Smt. Y.J.Mogrelia – 300; Shri A.K. Basu Roy – NIL and Shri A.D.Mavinkurve – NIL.

5. Shareholders/Investors Grievance Committee:

During the year 8 meetings of the Share Transfer Committee and 1 meeting of the Shareholders/Investors Grievance Committee was held on 7th January 2009 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 R.M. Gandhi	Chairman	NED (I)
2	Shri B.K. Parekh	Member	NED (P)

The 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, 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 Corporate 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 713 of which 8 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. No requests for transfer of shares or dematerialisation were pending for approval as on 31st March, 2009.

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, 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
2007 - 2008	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jammalal Bajaj Marg, Nariman Point, Mumbai 400 021	2nd September, 2008 at 11.00 a.m.	Nil
2006 - 2007	Padmabhooshan Vasantdada Sabhagraha of Maharashtra Rajya Sahakari Sakhar Kharkana Sangh Ltd., Sakhar Bhavan, 12th Floor, Nariman Point, Mumbai 400 021	26th September, 2007 at 11.00 a.m.	Nil
2005 - 2006	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jammalal Bajaj Marg, Nariman Point, Mumbai 400 021	1st August, 2006 at 11.00 a.m.	Payment of Commission to Non-Executive Directors u/s 309 of the Companies Act, 1956.

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 Agreement 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.

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 appointment and 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, 2009."

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, 2009, 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.

D.A. KOTHARI
Proprietor
Membership No. 6301

Mumbai
Dated : 26th May, 2009



INFORMATION FOR SHAREHOLDERS

1. Annual General Meeting:

Day, Date & Time : Friday, 7th August, 2009 at 11.00 a.m.

Venue : Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

2. Financial Year:

1st April 2009 to 31st March 2010

3. Book Closure Dates:

24th July 2009 to 7th August 2009 (both days inclusive) for the purpose of Annual General Meeting.

4. Listing of shares on Stock Exchanges:

The Company has received approval for listing and trading of 18337111 equity shares of the face & paid up value of Re.1 each, which were issued in lieu of 18337111 equity shares of the face & paid up value of Rs. 10 each on reduction of capital pursuant to the Scheme of Demerger of Vinyl Acetate Monomer Manufacturing Unit of the Company into Pidilite Industries Ltd., from the Bombay Stock Exchange Ltd. (BSE) and The National Stock Exchange of India Ltd. (NSE). Accordingly, trading in these shares has commenced w.e.f. 21st July, 2008. The Annual Listing fees for the financial year 2009-10 has been paid to BSE & NSE.

5. Stock Codes:

Name of the Stock Exchange	Stock Code
BSE	524129
NSE	VINYLINDIA

6. Market Price Data:

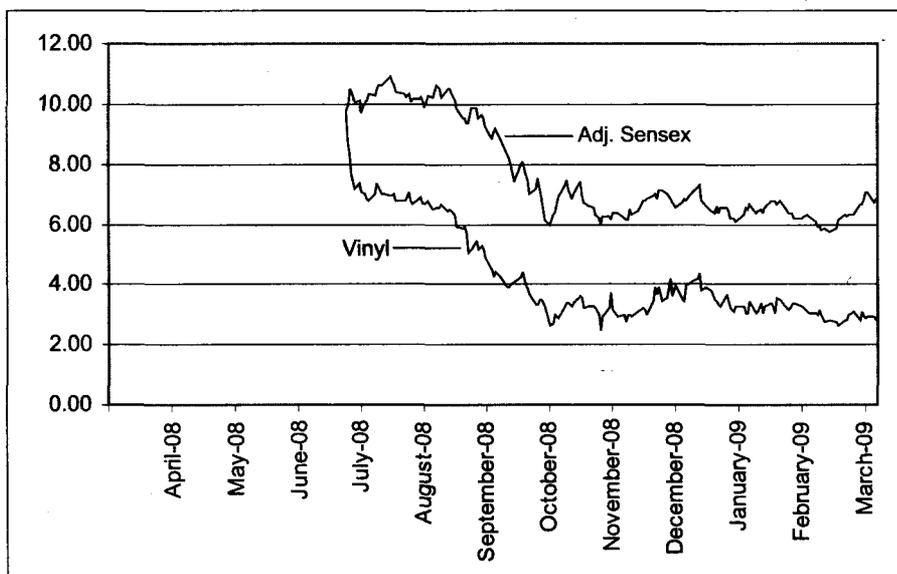
Share prices during the financial year 2008-2009 at BSE and NSE for one equity share of Re 1 each were as under:

Month & Year	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April 2008	-	-	-	-
May 2008	-	-	-	-
June 2008	-	-	-	-
July 2008	15.55	6.70	14.25	6.15
August 2008	7.60	6.45	7.80	6.65
September 2008	6.79	4.00	7.00	3.50
October 2008	4.90	2.40	5.10	2.50
November 2008	4.00	2.45	4.00	2.60
December 2008	4.32	2.50	4.25	2.30
January 2009	4.70	2.90	4.50	3.00
February 2009	3.88	2.81	4.00	2.60
March 2009	3.25	2.56	3.25	2.20

Note: Trading in 18337111 equity shares of Re.1 each commenced in the BSE & NSE w.e.f. 21st July 2008. Hence, the above data is not available for the period April 2008 to June 2008 (during which period the shares of the Company were suspended for trading due to change in the face & paid up value of the shares from Rs. 10 per share to Re. 1 per share on reduction of capital pursuant to the Scheme of Demerger of Vinyl Acetate Monomer Manufacturing Unit of the Company into Pidilite Industries Ltd., duly sanctioned by the Hon'ble Bombay High Court on 14th December 2007).

7. Stock Performance:

The performance of the Company's share in comparison to the BSE Sensex is given in the chart below:



Note: Trading in 18337111 equity shares of Re.1 each commenced in the BSE & NSE w.e.f. 21st July, 2008. Hence, the above data is not available for the period April 2008 to June 2008 (during which period the shares of the Company were suspended for trading due to change in the face & paid up value of the shares from Rs. 10 per share to Re. 1 per share on reduction of capital pursuant to the Scheme of Demerger of Vinyl Acetate Monomer Manufacturing Unit of the Company into Pidilite Industries Ltd., duly sanctioned by the Hon'ble Bombay High Court on 14th December, 2007).

8. Registrar and Share Transfer Agent:

M/s TSR Darashaw Limited
 Unit: Vinyl Chemicals (India) Limited
 6-10, Haji Moosa Patrawala Ind. Estate,
 20, Dr. E. Moses Road,
 Mahalaxmi, Mumbai 400 011
 Tel: (022) 66568484
 Fax: (022) 66568494
 E-mail: csg-unit@tsrdarashaw.com
 Website: www.tsrdarashaw.com

9. Share Transfer System:

The Company has delegated the authority to approve shares received for transfer in physical form as under:

No of shares	Authorisation given to
Upto 25000	M/s. TSR Darashaw Limited
Upto 50000	Any one of the Directors viz., Sarva Shri B.K.Parekh and M.B.Parekh or in their absence, the Company Secretary
Above 50000	Share Transfer Committee comprising of the Directors viz, Sarva Shri B.K.Parekh, N.K.Parekh and R.M.Gandhi

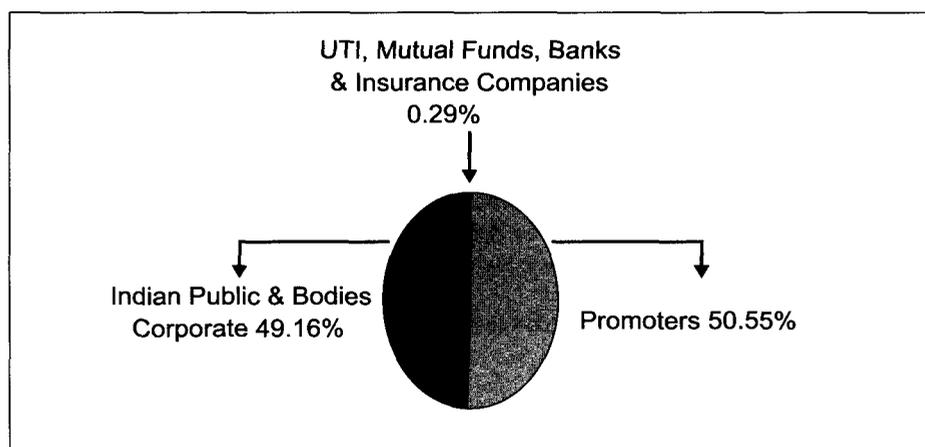
Presently the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.



10. Distribution of Shareholding as on 31st March, 2009:

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 500	21167	87.74	3621776	19.75
501 – 1000	1752	7.26	1447625	7.89
1001 – 2000	662	2.75	1032475	5.63
2001 – 3000	198	0.82	506543	2.76
3001 – 4000	92	0.38	329386	1.80
4001 – 5000	83	0.34	395532	2.16
5001 – 10000	97	0.40	747887	4.08
10001 and above	75	0.31	10255887	55.93
Total	24126	100.00	18337111	100.00
No. of shareholders and shares in physical mode	10816	44.83	2284240	12.46
No. of beneficial owners and shares in electronic mode	13310	55.17	16052871	87.54
Total	24126	100.00	18337111	100.00

11. Shareholding Pattern as on 31st March, 2009:



12. Dematerialisation of shares & liquidity:

As on 31st March 2009, 16052871 (87.54%) equity shares of the Company were held in dematerialised form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's equity shares are required to be compulsorily traded in the dematerialised form. The shares are available for dematerialisation under ISIN INE 250B01029. Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt subject to the documents being valid and complete in all respects.

13. Outstanding GDRs/ADRs/Warrants/Convertible Instruments:

The Company has no outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

14. Plant Locations: Nil

15. Address for Correspondence:

Registered Office:
 Regent Chambers, 7th Floor
 Jamnalal Bajaj Marg, 208, Nariman Point,
 Mumbai 400 021.
 Tel : (022) 22822708
 Fax : (022) 22043969
 E-mail : cs.pcpatel@pidilite.com

16. Corporate Secretarial/Investors' Assistance Department:

The Company's Secretarial Department headed by Shri P.C.Patel, President & Secretary, is situated at the Registered Office mentioned above. Investors may contact Shri P.C.Patel or Shri K.S.Krishnan at the Registered Office in Mumbai for any assistance they may need.



Vinyl Chemicals (India) Ltd.

Registered Office: Regent Chambers, 7th Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021

ATTENDANCE SLIP

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint shareholder(s) may obtain additional Slip on request.

D.P. Id*		Folio No.	
Client Id*		No. of Share(s) held	
NAME OF THE SHAREHOLDER		NAME OF THE PROXY	

I hereby record my presence at TWENTY THIRD ANNUAL GENERAL MEETING of the Company held at the Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Friday, the 7th August, 2009 at 11.00 a.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

* Applicable for investors holding shares in electronic form.

NOTE : THIS ATTENDANCE SLIP IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF THE MEETING.



Vinyl Chemicals (India) Ltd.

Registered Office: Regent Chambers, 7th Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021

PROXY FORM

D.P. Id*		Folio No.	
Client Id*		No. of Share(s) held	

I / We _____
of _____ in the district of _____ being a
Member(s) of the above named Company, hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
_____ in the district of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company held at the Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Friday, the 7th August, 2009 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009



* Applicable for investors holding shares in electronic form.

(Please sign across the stamp)

- NOTES:
1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.
 2. The Proxy need not be a member of the Company.
 3. Company reserves the right to ask for identification of the proxy.
 4. Proxy cannot speak at the meeting.

