



## NOTICE

Notice is hereby given that the TWENTY SEVENTH ANNUAL GENERAL MEETING of the members of the Company will be held on Friday, the 26<sup>th</sup> July, 2013 at 11.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kalaghoda, Mumbai 400 001 to transact the following business:

**Ordinary Business:**

1. To receive and adopt the Statement of Profit and Loss for the year ended on 31st March, 2013 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report.
2. To declare Dividend on Equity Shares.
3. To appoint Director in place of Smt. Y.J. Mogrelia who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors for the current year to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

**P.C. PATEL**  
PRESIDENT & SECRETARY

**Registered Office:**

Regent Chambers, 7<sup>th</sup> Floor,  
Jamnalal Bajaj Marg,  
208, Nariman Point,  
Mumbai 400 021.

Date: 24<sup>th</sup> May, 2013



**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from Friday, 12<sup>th</sup> July, 2013 to Friday, 26<sup>th</sup> July, 2013 (both days inclusive).
3. The dividend on equity shares as recommended by the Board of Directors when declared at the Annual General Meeting will be paid to those Shareholders whose names appear on the Register of Members of the Company on 26<sup>th</sup> July, 2013. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.
4. Members may note that vide circular dated 21.3.2013, SEBI has mandated all listed Companies to use electronic mode of payments such as LECS/RECS/NECS/NEFT etc. for making payment of dividends and other cash payments to investors, wherever possible. In other cases, the Company shall dispatch dividend warrants for making payment of dividends.
5. Members are requested to inform the Registrar and Transfer (R & T) Agents (*in case of shares held in Physical Form*) or Depository Participants (*in case of shares held in Demat Form*) any change in their addresses immediately.
6. Non-resident Indian (NRI) Shareholders are requested to inform the Company /R & T Agents regarding :
  - a. Change in the Residential status on return to India for permanent settlement.
  - b. Indian address and the particulars of Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
7. The members can avail facility of nomination in terms of extant legal provisions in this regard. The necessary form can be obtained from the R & T Agents.
8. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to append their signatures at the place provided on the Attendance Slip and hand it over at the entrance.
9. Members are requested to bring the Annual Report with them as additional copies of the same will not be provided at the meeting.



10. Members are requested to send their queries, if any, atleast ten days in advance to the Registered Office address of the Company, so that the information can be made available at the meeting, subject to permission of the Chairman.
11. A. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No. II to the Registrar of Companies, Maharashtra, C.G.O. Bldg., A-Wing, 2<sup>nd</sup> Floor, C.B.D. Belapur, Opp. Police Commissioner's Office, Belapur 400 614.
- B. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, now the amount of dividends remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (Fund).
- C. Accordingly, the Company has transferred all unclaimed/unpaid dividends upto Financial Year ended 31st March, 2001 to the Fund.
- D. In March 2008, some of the Members of the Company were allotted 6% Secured Redeemable Preference Shares of ₹ 10 each (Preference Shares) by Pidilite Industries Ltd. (PIL) pursuant to the Scheme of Demerger of VAM Manufacturing Unit of the Company into PIL. The said Preference Shares were redeemed on 5<sup>th</sup> September, 2008 and PIL had despatched Preference Dividend-cum-Redemption Warrants to all Preference Shareholders without surrender of the Preference Share Certificates.
- Preference Shareholders who have not yet encashed the above Preference Dividend-cum-Redemption Warrants issued by PIL are requested to contact the R & T Agents for claiming the unclaimed amount.
- E. Members who have not yet encashed their Dividend Warrants for the Financial Years ended 31<sup>st</sup> March, 2010 to 31<sup>st</sup> March, 2012 are requested to contact the R & T Agents for claiming the unclaimed amount. It may be noted that once the unclaimed dividends are transferred to the Fund, no claim shall lie in respect thereof against the Company or the Fund.
- F. Members may note that pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on the date of the last Annual General Meeting i.e. 26<sup>th</sup> July, 2012 on the websites of the Company and the Ministry of Corporate Affairs.



**ADDITIONAL INFORMATION ON THE DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (under Clause 49 (IV)(G)(i) of the Listing Agreement):**

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Smt. Y. J. Mogrelia has served as a Nominee Director on behalf of ICICI Ltd. during the period 1990 to 1998 and thereafter is serving as an Independent Director of the Company. She is M.Com. and a Member of The Institute of Cost and Works Accountants of India. She holds Diploma in Business Administration and Diploma in Managerial Accounting. She has worked for 23 years with ICICI Ltd. in various positions and lastly as Deputy General Manager. She has experience in Project Finance, Rehabilitation, Management Audit etc. She is a Member of Audit Committee and Remuneration Committee of the Company. She holds 300 Equity Shares in the Company as on 31<sup>st</sup> March, 2013.



Vinyl Chemicals (India) Ltd.

**BOARD OF DIRECTORS**

Shri N.K. Parekh

Shri M.B. Parekh - Managing Director

Shri R.M. Gandhi

Smt. Y.J. Mogrelia

Shri A.D. Mavinkurve

**PRESIDENT & SECRETARY**

Shri P.C. Patel

**AUDITORS**

D.A. Kothari &amp; Co.

**SOLICITORS**

Wadia Ghandy &amp; 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

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## DIRECTORS' REPORT

Your Directors present the Twenty Seventh Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2013.

### Financial Results:

The Financial performance of the Company is summarised as under:

	(₹ in lac)	
	Current Year	Previous Year
<b>Profit before Interest, Depreciation and Tax</b>	<b>903</b>	746
Less: Interest & Other Finance Costs	22	3
Depreciation	*	*
<b>Profit before Taxation</b>	<b>881</b>	743
Less: Provision for Current Taxation	287	242
Provision for Deferred Tax	*	*
<b>Profit for the year</b>	<b>594</b>	501
Add: Profit Brought Forward from Previous Year	594	276
<b>Profit available for appropriation</b>	<b>1188</b>	777
<b>Appropriations</b>		
Proposed Dividend on Equity Shares	147	110
Tax on Dividend	25	18
Transfer to General Reserve	70	55
<b>Total</b>	<b>242</b>	183
<b>Balance carried to Balance Sheet</b>	<b>946</b>	594

\* less than ₹ 1 lac

### Dividend:

The Directors recommend the payment of dividend of ₹ 0.80 per equity share of ₹ 1 each (previous year ₹ 0.60 per share) amounting to ₹ 1,46,69,689 (previous year ₹ 1,10,02,267) 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:

- a. The company's current business is in Chemicals – which is trading mainly in Vinyl Acetate Monomer.
- b. During the year, the sales turnover from Trading activity was ₹ 23,497 lacs.
- c. During the year, the Company earned Net Profit of ₹ 594 lacs as against ₹ 501 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, Smt. Y.J. Mogrelia, a Director of the Company, retires by rotation and being eligible, offer herself for re-appointment.

Shri B.K. Parekh, Founder Chairman of the Company, passed away on 25<sup>th</sup> January, 2013. Shri B.K. Parekh was a visionary of unassuming quality and a warm, loving and caring leader with a strong business acumen.

**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, 2013 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: 24<sup>th</sup> May, 2013

**M.B.PAREKH**  
MANAGING DIRECTOR

**R.M.GANDHI**  
DIRECTOR





## ANNEXURE I TO THE DIRECTORS' REPORT

During the financial year 2012–2013, 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:

	2012-2013	2011-2012
	₹	₹
1. Foreign Exchange used:		
i. Expenditure	-	-
ii. Imports (CIF basis)	<b>2,03,89,94,796</b>	1,76,32,05,365
2. Earnings on account of Export of Goods (FOB basis)		
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, 2013 were 14.



## 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, 2013, 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

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 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). 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. 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, 2013;
- (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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e. On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

**D. A. KOTHARI & CO**

CHARTERED ACCOUNTANTS

Firm Reg. No. 105299W

**D.A.KOTHARI**

PROPRIETOR

Membership Number 6301

Mumbai

Dated : 24th May, 2013



**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.
17. The Company has neither accumulated losses as at 31<sup>st</sup> March, 2013 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.
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 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 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

**D. A. KOTHARI & CO**

CHARTERED ACCOUNTANTS

Firm Reg. No. 105299W

**D.A.KOTHARI**

PROPRIETOR

Membership Number 6301

Mumbai

Dated : 24th May, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Notes	31st March, 2013 ₹	31st March, 2012 ₹
<b>I Equity &amp; liabilities</b>			
<b>1. Shareholders' funds</b>			
Share capital	2	1,83,43,984	1,83,43,984
Reserves and surplus	3	<u>18,42,95,131</u>	<u>14,20,97,474</u>
		20,26,39,115	16,04,41,458
<b>2. Non-current liabilities</b>			
Long-term borrowings	4	49,47,308	49,47,308
Deferred tax liability		69,365	62,753
Other long-term liabilities	5	7,45,856	17,43,815
Long-term provisions	6	<u>12,30,657</u>	<u>5,70,511</u>
		69,93,186	73,24,387
<b>3. Current liabilities</b>			
Trade payables	7	42,99,22,343	29,60,44,792
Other current liabilities	8	2,35,90,978	2,60,73,883
Short-term provisions	9	<u>1,71,62,803</u>	<u>1,44,16,228</u>
		47,06,76,124	33,65,34,903
	<b>Total</b>	<b><u>68,03,08,425</u></b>	<b><u>50,43,00,748</u></b>
<b>II Assets</b>			
<b>1. Non-current assets</b>			
Fixed assets			
Tangible assets (Net)	10	23,79,647	24,12,587
Long-term loans and advances	11	<u>95,18,292</u>	<u>3,01,71,604</u>
		1,18,97,939	3,25,84,191
<b>2. Current assets</b>			
Current investments	12	7,50,00,000	-
Inventories	13	20,69,26,464	14,61,54,243
Trade receivables	14	33,13,16,596	29,17,83,133
Cash and bank balances	15	1,35,07,466	95,54,413
Short-term loans and advances	16	<u>4,16,59,960</u>	<u>2,42,24,768</u>
		66,84,10,486	47,17,16,557
	<b>Total</b>	<b><u>68,03,08,425</u></b>	<b><u>50,43,00,748</u></b>
<b>Summary of significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

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

Chartered Accountants

Firm Reg. No.105299W

**P.C.Patel**

President & Secretary

**M.B.Parekh**

Managing Director

**D.A.Kothari**

Proprietor

Mem.No.06301

**R.M.Gandhi**

Director

Mumbai

Dated : 24th May, 2013

Mumbai

Dated : 24th May, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Notes	31st March, 2013	31st March, 2012
		₹	₹
<b>Income</b>			
Revenue from operations	17	2,43,56,27,174	2,11,48,22,732
Other income	18	83,58,042	21,02,261
<b>Total Revenue</b>		<b><u>2,44,39,85,216</u></b>	<b><u>2,11,69,24,993</u></b>
<b>Expenses</b>			
Purchase of traded goods	19	2,34,84,50,427	1,95,63,32,293
(Increase)/decrease in inventories of traded goods	20	(6,07,72,221)	2,39,79,332
Employee benefits expenses	21	1,41,59,553	1,29,67,634
Finance costs	22	22,03,846	3,11,938
Depreciation expense	10	32,940	32,940
Other expenses	23	5,18,93,599	4,90,27,644
<b>Total Expenses</b>		<b><u>2,35,59,68,144</u></b>	<b><u>2,04,26,51,781</u></b>
<b>Profit before tax</b>		<b>8,80,17,072</b>	<b>7,42,73,212</b>
<b>Tax expense</b>			
Current tax		2,86,50,000	2,41,52,000
Deferred tax	30	<u>6,612</u>	<u>9,623</u>
Total tax expenses		2,86,56,612	2,41,61,623
<b>Profit for the year</b>		<b><u>5,93,60,460</u></b>	<b><u>5,01,11,589</u></b>
<b>Earnings per share</b>			
Basic		3.24	2.73
Diluted		3.24	2.73

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

**For D.A.Kothari & Co.**  
Chartered Accountants  
Firm Reg. No.105299W

**P.C.Patel**  
President & Secretary

**M.B.Parekh**  
Managing Director

**D.A.Kothari**  
Proprietor  
Mem.No.06301

**R.M.Gandhi**  
Director

Mumbai  
Dated : 24th May, 2013

Mumbai  
Dated : 24th May, 2013



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	<b>31st March, 2013</b>	<b>31st March, 2012</b>
	₹	₹
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) before tax</b>	<b>8,80,17,072</b>	<b>7,42,73,212</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	32,940	32,940
Interest and other finance expenses	22,03,846	3,11,938
Interest income	(1,20,000)	(1,20,000)
Net (gain)/loss on sale of current Investment	(81,37,793)	(19,82,261)
<b>Operating profit/(loss) before working capital changes</b>	<b>8,19,96,065</b>	<b>7,25,15,829</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables	13,38,77,551	(6,75,21,164)
Increase/(decrease) in long-term provisions	6,60,146	1,45,704
Increase/(decrease) in other current liabilities	(24,82,905)	2,03,58,000
Increase/(decrease) in other long-term liabilities	(9,97,959)	-
Increase/(decrease) in short-term provisions	(1,44,16,228)	(94,26,806)
Decrease/(increase) in inventories	(6,07,72,221)	2,39,79,332
Decrease/(increase) in long-term loans and advances	2,06,53,312	(1,61,98,155)
Decrease/(increase) in trade receivables	(3,95,33,463)	(3,94,61,203)
Decrease/(increase) in short-term loans and advances	(1,74,35,192)	(27,80,585)
<b>Cash generated from Operations</b>	<b>10,15,49,106</b>	<b>(1,83,89,048)</b>
Interest and other finance expenses	(22,03,846)	(3,11,938)
Direct taxes paid	(2,86,50,000)	(2,41,52,000)
<b>Net Cash from Operating Activities (A)</b>	<b>7,06,95,260</b>	<b>(4,28,52,986)</b>
<b>Cash flows from investing activities</b>		
Sale/(Purchase) of current investments	(7,50,00,000)	2,50,00,000
Net gain/(loss) on sale of current Investment	81,37,793	19,82,261
Interest income	1,20,000	1,20,000
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(6,67,42,207)</b>	<b>2,71,02,261</b>

	31st March, 2013 ₹	31st March, 2012 ₹
<b>Cash flow from financing activities</b>		
Proceeds from/(repayment of) long-term borrowings	-	-
<b>Net cash flow from/(used in) financing activities (C)</b>	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	39,53,053	(1,57,50,725)
Cash and cash equivalents at the beginning of the year	95,54,413	2,53,05,138
<b>Cash and cash equivalents at the end of the year</b>	<b>1,35,07,466</b>	<b>95,54,413</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	31,673	25,204
Balances with banks:		
in current account	1,14,93,894	88,48,132
in unpaid dividend accounts *	19,81,899	6,81,077
<b>Total cash and cash equivalents (Note 15)</b>	<b>1,35,07,466</b>	<b>95,54,413</b>

\* The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

As per our report of even date

For and on behalf of the Board

**For D.A.Kothari & Co.**  
Chartered Accountants  
Firm Reg. No.105299W

**P.C.Patel**  
President & Secretary

**M.B.Parekh**  
Managing Director

**D.A.Kothari**  
Proprietor  
Mem.No.06301

**R.M.Gandhi**  
Director

Mumbai  
Dated : 24th May, 2013

Mumbai  
Dated : 24th May, 2013



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### Note 1

#### Summary of significant accounting policies

- 1.1. 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.
- 1.2.
  - i. Tangible assets are stated at cost.
  - ii. Depreciation has been provided on Straight Line Method on assets, as per the rates specified in Schedule XIV of the Companies Act, 1956.
- 1.3. Traded Goods are valued at actual cost or net realisable value, whichever is lower.
- 1.4. Long Term Investment is stated at cost. Provision where necessary, is made to recognize a decline, other than temporary, in the value of investment.
- 1.5. Accounting for Taxes on Income:
  - i. Provision for current tax is made on the basis of taxable income for the current year in accordance with the provisions of the Income Tax Act, 1961.
  - ii. Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method at the current rate of tax to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual /reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- 1.6. Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Foreign currency designated assets and liabilities are restated at year end rates or at contract rate and the resultant gain or loss is taken to the Statement of Profit and Loss except in respect of fixed assets where the gain/loss is capitalized.
- 1.7. Employees' Benefits:
  - i. Contribution to Provident and Family Pension Fund are funded as a percentage of salary.
  - ii. Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.
  - iii. Leave encashment liability is provided for on the basis of actuarial valuation as at the year end.
- 1.8. 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 'other operating revenue'.
- 1.9. Provisions, Contingent Liabilities and Contingent Assets:
  - i. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.
  - ii. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
  - iii. Contingent Assets are neither recognised nor disclosed in the financial statement.
- 1.10. Earnings Per Share:

In determining the earnings per share, the Company considers the net profit after tax and post tax effect of any extra-ordinary/ exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the number of shares outstanding at the end of the year.

	₹	31st March, 2013 ₹	31st March, 2012 ₹
<b>Note 2</b>			
<b>Share capital</b>			
<b>Authorised</b>			
3,49,66,001 equity shares of ₹ 1 each (Previous year 3,49,66,001 equity shares of ₹ 1 each)		3,49,66,001	3,49,66,001
<b>Issued</b>			
1,83,43,984 equity shares of ₹ 1 each (Previous year 1,83,43,984 equity shares of ₹ 1 each)		1,83,43,984	1,83,43,984
<b>Subscribed and paid-up</b>			
1,83,37,111 equity shares of ₹ 1 each (Previous year 1,83,37,111 equity shares of ₹ 1 each)	1,83,37,111		1,83,37,111
Add: Amount received on 6,873 (Previous year 6,873) forfeited equity shares	6,873		6,873
		<u>1,83,43,984</u>	<u>1,83,43,984</u>
		<b><u>1,83,43,984</u></b>	<b><u>1,83,43,984</u></b>
a. There was no change in number of shares at the beginning and at the end of the reporting period.			
b. <b>Shares held by associates</b>			
Out of equity shares issued by the Company, shares held by its associates are as below:			
Pidilite Industries Ltd.			
74,51,540 (previous year 74,51,540) shares of ₹ 1 each fully paid		74,51,540	74,51,540
Percentage of shareholding		40.64%	40.64%
c. <b>Details of shareholders holding more than 5% shares in the Company</b>			
No shareholder, other than stated above in Note 2(b), was holding more than 5% shares in the Company as at 31st March, 2013 and as at 31st March, 2012.			
<b>Note 3</b>			
<b>Reserves &amp; surplus</b>			
<b>Capital reserves</b>			
Balance as per last financial statements		54,46,752	54,46,752
<b>General reserve</b>			
Balance as per last financial statements	7,72,40,204		7,17,40,204
Add: Amount transferred from surplus balance in the statement of profit and loss	70,00,000		55,00,000
		<u>8,42,40,204</u>	<u>7,72,40,204</u>
<b>Closing balance</b>			
<b>Surplus/(deficit) in the statement of profit &amp; loss</b>			
Balance as per last financial statements	5,94,10,518		2,75,86,039
Add: Profit for the year	5,93,60,460		5,01,11,589
Less: Appropriations			
Proposed final equity dividend (amount ₹ 0.80 per share) (previous year ₹ 0.60 per share)	1,46,69,689		1,10,02,267
Tax on proposed equity dividend	24,93,114		17,84,843
Transfer to General Reserve	<u>70,00,000</u>		<u>55,00,000</u>
<b>Net surplus/(deficit) in the statement of profit and loss</b>		<u>9,46,08,175</u>	<u>5,94,10,518</u>
		<b><u>18,42,95,131</u></b>	<b><u>14,20,97,474</u></b>



	31st March, 2013	31st March, 2012
	₹	₹
<b>Note 4</b>		
<b>Long-term borrowings</b>		
<b>Unsecured borrowings</b>		
Deferred sales tax loan (Repayment due on 30th April, 2017)	49,47,308	49,47,308
	<u>49,47,308</u>	<u>49,47,308</u>
<b>Note 5</b>		
<b>Other long-term liabilities</b>		
<b>Others</b>		
VAT/CST payable	7,45,856	17,43,815
	<u>7,45,856</u>	<u>17,43,815</u>
<b>Note 6</b>		
<b>Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for leave benefits	5,34,650	5,70,511
<b>Others</b>		
Provision for taxation (net of advance income-tax)	6,96,007	-
	<u>12,30,657</u>	<u>5,70,511</u>
<b>Note 7</b>		
<b>Trade Payables</b>		
Micro, Small and Medium Enterprises (Refer Note 25)	-	-
Others	42,99,22,343	29,60,44,792
	<u>42,99,22,343</u>	<u>29,60,44,792</u>
<b>Note 8</b>		
<b>Other current liabilities</b>		
Unpaid dividend (Investor Education and Protection Fund will be credited by the above amount as and when due)	12,71,768	6,81,377
<b>Others</b>		
VAT/CST payable	57,85,597	1,62,45,709
TDS payable	2,80,636	2,19,606
Other Liabilities	1,62,52,977	89,27,191
	<u>2,35,90,978</u>	<u>2,60,73,883</u>
<b>Note 9</b>		
<b>Short-term provisions</b>		
<b>Others</b>		
Provision for taxation (net of advance income-tax)	-	16,29,118
Proposed dividend on equity share capital	1,46,69,689	1,10,02,267
Tax on proposed equity dividend	24,93,114	17,84,843
	<u>1,71,62,803</u>	<u>1,44,16,228</u>
	<u>1,71,62,803</u>	<u>1,44,16,228</u>

**Note 10****Tangible assets**

Tangible assets	Gross block (At cost)			Accumulated depreciation			Net block		
	Balance as at 1.4.2012	Additions/ (disposal)	Balance as at 31.03.2013	Balance as at 31.3.2012	Charge for the year	On disposal	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.3.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	18,57,310	-	18,57,310	-	-	-	-	18,57,310	18,57,310
Plant and equipment	6,56,361	-	6,56,361	1,22,110	31,176	-	1,53,286	5,03,075	5,34,251
Furniture & fixtures	25,000	-	25,000	3,974	1,764	-	5,738	19,262	21,026
<b>Total</b>	<b>25,38,671</b>	<b>-</b>	<b>25,38,671</b>	<b>1,26,084</b>	<b>32,940</b>	<b>-</b>	<b>1,59,024</b>	<b>23,79,647</b>	<b>24,12,587</b>
Previous Year	25,38,671	-	25,38,671	93,144	32,940	-	1,26,084	24,12,587	

31st March, 2013      31st March, 2012  
₹                                  ₹                                  ₹

**Note 11****Long-term loans and advances****Other loans and advances****Advances recoverable in cash or in kind or for value to be received**

Unsecured, considered good		9,64,946	10,61,081
<b>Balances with statutory/government authorities</b>			
SAD refund receivable	-		1,96,92,505
VAT refund receivable	75,05,581		75,05,581
		75,05,581	2,71,98,086
Advance income-tax (net of provision for taxation)		-	9,12,437
Deposits (Unsecured, considered good)		10,00,000	10,00,000
Loans to employees		47,765	-
		<u>95,18,292</u>	<u>3,01,71,604</u>

**Note 12****Current Investments (valued at cost)****Unquoted mutual fund**

Birla Sun Life Savings Fund Growth Option [3,36,456.342 units (previous year Nil units) of ₹ 222.91 (previous year ₹ Nil) per unit]	7,50,00,000	-
	<u>7,50,00,000</u>	<u>-</u>

**Note 13****Inventories (valued at cost or market value whichever is lower)**

Traded goods [(including stock-in-transit ₹ - Nil) (previous year ₹ 5,31,91,441)]	20,69,26,464	14,61,54,243
	<u>20,69,26,464</u>	<u>14,61,54,243</u>



	31st March, 2013	31st March, 2012
	₹	₹
<b>Note 14</b>		
<b>Trade receivables</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	9,28,130	7,99,651
<b>Other receivables</b>		
Unsecured, considered good	<u>33,03,88,466</u>	<u>29,09,83,482</u>
	<b><u>33,13,16,596</u></b>	<b><u>29,17,83,133</u></b>
<b>Note 15</b>		
<b>Cash and bank balances</b>		
<b>Cash &amp; cash equivalents</b>		
<b>Balances with banks:</b>		
In current accounts	1,14,93,894	88,48,132
In unpaid dividend accounts	<u>19,81,899</u>	<u>6,81,077</u>
	1,34,75,793	95,29,209
<b>Cash on hand</b>	31,673	25,204
	<u><b>1,35,07,466</b></u>	<u><b>95,54,413</b></u>
<b>Note 16</b>		
<b>Short-term loans and advances</b>		
<b>Other loans and advances</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Unsecured considered good	31,56,178	24,94,618
<b>Balances with statutory/government authorities</b>		
SAD refund receivable	3,80,59,869	2,14,81,893
Advance income-tax (net of provision for taxation)	2,93,916	-
Prepaid expenses	1,00,237	1,08,722
Loans to employees	41,760	1,31,535
Deposits (Unsecured, considered good)	8,000	8,000
	<u><b>4,16,59,960</b></u>	<u><b>2,42,24,768</b></u>
<b>Note 17</b>		
<b>Revenue from operations</b>		
<b>Sale of products (traded goods)</b>		
Vinyl Acetate Monomer	2,34,97,02,263	2,04,57,21,206
<b>Other operating revenue</b>		
Discount received	8,56,84,247	6,80,51,805
Insurance claims received	2,40,664	10,49,721
	<u><b>2,43,56,27,174</b></u>	<u><b>2,11,48,22,732</b></u>
<b>Note 18</b>		
<b>Other income</b>		
<b>Interest income on</b>		
Deposits	1,20,000	1,20,000
Net gain on sale of current investments	81,37,793	19,82,261
<b>Miscellaneous income</b>		
Miscellaneous receipt	1,00,249	-
	<u><b>83,58,042</b></u>	<u><b>21,02,261</b></u>

	31st March, 2013 ₹	31st March, 2012 ₹
<b>Note 19</b>		
<b>Purchase of traded goods</b>		
Vinyl Acetate Monomer	2,34,84,50,427	1,95,63,32,293
	<u>2,34,84,50,427</u>	<u>1,95,63,32,293</u>
<b>Note 20</b>		
<b>(Increase)/decrease in inventories of traded goods</b>		
Inventories at the beginning of the year	14,61,54,243	17,01,33,575
Less: Inventories at the end of the year	20,69,26,464	14,61,54,243
	<u>(6,07,72,221)</u>	<u>2,39,79,332</u>
<b>Note 21</b>		
<b>Employee benefits expenses</b>		
Salary, wages, allowances, bonus etc.	1,33,43,166	1,22,93,627
Contribution to provident and other funds	5,38,462	3,17,689
Staff welfare expenses	2,77,925	3,56,318
	<u>1,41,59,553</u>	<u>1,29,67,634</u>
<b>Note 22</b>		
<b>Finance costs</b>		
Interest expense	305	1,863
Interest u/s 234-C of Income Tax Act	2,40,084	-
Bank charges	19,63,457	3,10,075
	<u>22,03,846</u>	<u>3,11,938</u>
<b>Note 23</b>		
<b>Other expenses</b>		
Insurance	4,36,520	4,96,822
Repairs to others	32,577	43,318
Printing and stationery	23,489	18,428
Postage and telephone	1,25,810	1,37,901
Travelling and conveyance	5,90,382	5,96,974
Motor car expenses	1,52,996	2,13,686
Cash discount	-	27,71,961
Commission on sales	87,534	-
Selling expenses	31,00,541	22,43,107
Directors' sitting fees	2,14,000	1,68,000
Commission to non-executive directors	3,87,500	3,00,000
Payments to auditor (refer details below)	1,98,463	1,97,437
Exchange loss on foreign currency transactions and translation (net)	3,92,09,198	3,88,48,720
Miscellaneous expenses	73,34,589	29,91,290
	<u>5,18,93,599</u>	<u>4,90,27,644</u>
<b>Payment to auditor</b>		
<b>As auditor</b>		
Audit fee	57,210	55,150
Tax audit fee	28,605	27,575
Limited review	33,914	33,090
<b>In other capacity</b>		
For taxation matters	56,180	55,150
For other services (certification fees)	22,554	26,472
	<u>1,98,463</u>	<u>1,97,437</u>





	31st March, 2013	31st March, 2012
	₹	₹
<b>24. Contingent liabilities</b>		
Guarantees	1,10,85,000	1,10,85,000
<b>25. Details of dues to micro and small enterprises</b>		
The Company did not have at any time during the year, amount due to small and medium enterprises (SME) which is outstanding for more than 45 days. Further, no interest is paid/payable to such SME creditors. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>26. Related party disclosure:</b>		
i. Names of related parties and 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 N.K.Parekh, R.M.Gandhi, A.D.Mavinkurve and Smt. Y.J.Mogrelia		
iv. Transactions with related party are as follows:		
a. Sales and related income	2,04,66,57,788	1,75,70,73,775
b. Sitting fees to directors	2,14,000	1,68,000
c. Commission to directors	3,87,500	3,00,000
d. Commission to managing director	42,15,000	38,29,000
e. Reimbursements made	9,84,545	7,85,906
f. Outstanding balance :		
Debtors	20,88,12,563	18,07,74,751
Except 26 (iv) (b), (c) & (d), the rest of above transactions are with Pidiite Industries Ltd.		
No amounts have been written off or written back during the year in respect of debts due from or to related parties.		
<b>27. Earnings per share</b>		
a. Computation for both basic and diluted earnings per share of ₹ 1/- each (previous year ₹ 1/- each):		
Profit as per statement of profit & loss available for equity shareholders	5,93,60,460	5,01,11,589
b. Number of equity shares for basic and diluted earnings per share computation	1,83,37,111	1,83,37,111
c. Basic and diluted earnings per share	3.24	2.73
<b>28. Segment information</b>		
The Company's current business activity has only one primary reportable segment, namely trading in chemicals.		
<b>29. Gratuity</b>		
The following statement sets out the status of the Gratuity Plan as required under AS 15 (Revised):		
<b>Statement showing changes in present value of obligations</b>		
Present value of obligations as at the beginning of the year	13,93,952	12,50,712
Interest cost	1,21,971	1,03,184
Current service cost	94,263	67,989
Actuarial (gain)/loss on obligations	1,13,721	(27,933)
Present value of obligations as at the end of the year	17,23,907	13,93,952
<b>Statement showing changes in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	24,55,033	22,73,179
Expected return on plan assets	2,11,133	1,81,854
Contribution	8,477	-
Actuarial gain/(loss) on plan assets	14,210	-
Fair value of plan assets at the end of the year	26,88,853	24,55,033

	31st March, 2013	31st March, 2012
	₹	₹
<b>Percentage of each category of Plan Assets to total fair value of plan assets</b>		
Administered by Life Insurance Corporation of India	26,88,853	24,55,033
<b>Actuarial gain/(loss) recognized:</b>		
Actuarial gain/(loss) for the year - obligation	(1,13,721)	27,933
Actuarial gain/(loss) for the year - plan assets	14,210	-
Total gain/(loss) for the year	(99,511)	27,933
Actuarial gain/(loss) recognized in the year	(99,511)	27,933
<b>The amounts to be recognized in the balance sheet:</b>		
Present value of obligations as at the end of the year	17,23,907	13,93,952
Fair value of plan assets as at the end of the year	26,88,853	24,55,033
Funded status	9,64,946	10,61,081
Net Asset/(Liability) recognized in balance sheet	9,64,946	10,61,081
<b>Expenses recognised in statement of profit &amp; loss</b>		
Current service cost	94,263	67,989
Interest cost	1,21,971	1,03,184
Expected return on plan assets	2,11,133	1,81,854
Net Actuarial (gain)/loss recognised in the year	99,511	(27,933)
Expenses/(income) recognised in statement of profit & loss	1,04,612	(38,614)

**30. Deferred taxation****Deferred tax liability**

Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting:

Balance as per last financial statement	62,753	53,130
Charged during the year	6,612	9,623
<b>Closing balance</b>	<b>69,365</b>	<b>62,753</b>

The above working of deferred tax is based on assessment orders where assessments are completed and on return of income in other cases.

**31. Unhedged foreign currency exposure**

a. Details of forward contracts outstanding as at the balance sheet date:

<u>Particulars</u>	<u>Purpose</u>		
US\$ 52,38,434 (previous year US\$ 69,80,936)	Import of trading goods	28,83,03,809	35,80,24,389

b. Details of unhedged foreign currency exposure as at the balance sheet date:

<u>Particulars</u>	<u>Purpose</u>		
US\$ 21,16,963 (previous year US\$ Nil)	Import trade payables	11,52,47,466	-



	31st March, 2013	31st March, 2012
	₹	₹
<b>32. Expenditure in foreign currency</b>		
C.I.F. value of traded goods	2,03,89,94,796	1,76,32,05,365
<b>33. Earnings in foreign exchange</b>		
Export at F.O.B. value	-	81,64,742
Insurance claim received	7,03,131	2,26,044
Rebate received	8,56,84,247	7,68,31,993
	<u>8,63,87,378</u>	<u>8,52,22,779</u>

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

As per our report of even date

For and on behalf of the Board

**For D.A.Kothari & Co.**  
Chartered Accountants  
Firm Reg. No.105299W

**P.C.Patel**  
President & Secretary

**M.B.Parekh**  
Managing Director

**D.A.Kothari**  
Proprietor  
Mem.No.06301

**R.M.Gandhi**  
Director

Mumbai  
Dated : 24th May, 2013

Mumbai  
Dated : 24th May, 2013

## 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 2012-2013, 4 Board Meetings were held on 23<sup>rd</sup> May, 2012, 26<sup>th</sup> July, 2012, 31<sup>st</sup> October, 2012 and 30<sup>th</sup> January, 2013.

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 <sup>st</sup> March, 2013 in other companies *	No. of committee positions held in other companies @	
						Memberships	Chairmanships
1	Late Shri B.K. Parekh# (Chairman)	NED (P)	1	No	NA	NA	NA
2	Shri M.B. Parekh (Managing Director)	ED (P)	3	Yes	9	-	-
3	Shri N.K. Parekh	NED (P)	3	Yes	8	-	-
4	Shri R.M. Gandhi	NED (I)	4	Yes	5	2	3
5	Smt. Y.J. Mogrelia	NED (I)	4	Yes	-	-	-
6	Shri A.D. Mavinkurve	NED (I)	4	Yes	1	-	-
7	Shri Santosh Kumar \$	NED (I)	2	Yes	NA	NA	NA

\* Includes Directorships in Private Limited Companies and Section 25 Companies

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

# Shri B.K. Parekh, Founder Chairman of the Company, passed away on 25<sup>th</sup> January, 2013

\$ Ceased to be Director w.e.f. 26<sup>th</sup> July, 2012 on expiry of his term

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

### 3. Audit Committee:

During the financial year 2012-2013, 4 meetings of the Committee were held on 23<sup>rd</sup> May, 2012, 26<sup>th</sup> July, 2012, 31<sup>st</sup> October, 2012 and 30<sup>th</sup> January, 2013.

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	Late Shri B.K. Parekh *	Member	NED (P)	1
3	Smt. Y.J. Mogrelia	Member	NED (I)	4

\* Shri B.K. Parekh, Founder Chairman of the Company, passed away on 25<sup>th</sup> January, 2013



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

The powers and terms of reference of the Committee are as mentioned in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

**4. Remuneration Committee:**

The 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	Chairman	NED (I)
2	Smt. Y.J. Mogrelia	Member	NED (I)
3	Late Shri B.K. Parekh *	Member	NED (P)
4	Shri A.D. Mavinkurve	Member	NED (I)

\* Shri B.K. Parekh, Founder Chairman of the Company, passed away on 25<sup>th</sup> January, 2013

Shri M.B. Parekh is the Managing Director having tenure of 5 years. The Commission payable to Shri M.B. Parekh for the financial year 2012-2013 is ₹ 42,15,000.

Notice period for the Managing Director 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 details of sitting fees paid for attending the Board/Committee meetings and commission payable to the Non Executive Directors for the financial year ended 31<sup>st</sup> March, 2013 are as follows:

Sr. No.	Name	Sitting Fees (₹)	Commission (₹)	Total (₹)
1	Late Shri B.K. Parekh *	26,000	62,500	88,500
2	Shri N.K. Parekh	39,000	75,000	1,14,000
3	Shri R.M. Gandhi	62,000	75,000	1,37,000
4	Smt. Y.J. Mogrelia	45,000	75,000	1,20,000
5	Shri A.D. Mavinkurve	32,000	75,000	1,07,000
6	Shri Santosh Kumar @	10,000	25,000	35,000

\* Shri B.K. Parekh, Founder Chairman of the Company, passed away on 25<sup>th</sup> January, 2013

@ Ceased to be Director w.e.f. 26<sup>th</sup> July, 2012 on expiry of his term

The number of equity shares of face value of ₹ 1 each of the Company held by Non Executive Directors as on 31<sup>st</sup> March, 2013 are as follows:

Shri N.K. Parekh - 75,951; Shri R.M. Gandhi - 2,700; Smt. Y.J. Mogrelia - 300 and Shri A.D. Mavinkurve - Nil.

**5. Shareholders/Investors Grievance Committee:**

During the financial year 2012-2013, 12 meetings of the Share Transfer Committee were held and 1 meeting of the Shareholders/Investors Grievance Committee was held on 11<sup>th</sup> January, 2013, which was attended by Shri A.D. Mavinkurve and Shri R.M. Gandhi.

Details of composition of the Shareholders/Investors Grievance Committee are given below:

Sr. No.	Name	Designation	Category
1	Shri A.D. Mavinkurve	Chairman	NED (I)
2	Shri R.M. Gandhi	Member	NED (I)
3	Late Shri B.K. Parekh *	Member	NED (P)

\* Shri B.K. Parekh, Founder Chairman of the Company, passed away on 25<sup>th</sup> January, 2013

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 Securities & Exchange Board of India (SEBI)/ Listing Agreement and M/s. TSR Darashaw Pvt. Ltd., Registrar & Transfer Agents, attend to all Shareholders/Investors Grievances received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs and Registrar of Companies.

SEBI has recently commenced processing of investor complaints in a centralized web based complaint redress system viz. SCORES. The salient features of this system are: centralised database of all complaints; online movement of complaints to the concerned listed companies; online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Barring certain cases pending with Courts, the Company/TSR Darashaw Pvt. 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 was 849 of which 11 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. 2 requests for transfer of shares and 3 requests for dematerialisation were pending for approval as on 31<sup>st</sup> March, 2013 which were dealt with by 2<sup>nd</sup> April, 2013.

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 AGM held during the last three years are given below:

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2011-2012	Rangswar Hall, Y.B. Chavan Centre, Gen. J. Bhosale Marg, Mumbai 400 021	26 <sup>th</sup> July, 2012 at 12.00 noon	Nil
2010-2011	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K.Dubash Marg, Mumbai 400 001	28 <sup>th</sup> July, 2011 at 12.00 noon	Approval for payment of commission to Directors other than Managing Director u/s 309 of the Companies Act, 1956
2009-2010	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021	10 <sup>th</sup> August, 2010 at 11.00 a.m.	Nil

No Special Resolution was put through postal ballot during the last year. At the ensuing AGM, 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). The results are also displayed on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com).

**9. Information for Shareholders:**

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

**10. Information on Directors:**

Information relating to Directors seeking re-appointment as required under Clause 49(IV)(G)(i) of the Listing Agreement is given in the Notice of AGM.

**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 31<sup>st</sup> March, 2013."

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
Vinyl Chemicals (India) Ltd.

We have examined the compliance of conditions of Corporate Governance by Vinyl Chemicals (India) Limited for the year ended 31st March, 2013, 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: 24th May, 2013





**INFORMATION FOR SHAREHOLDERS**

**1. Annual General Meeting:**

**Day, Date & Time** : Friday, 26<sup>th</sup> July, 2013 at 11.00 a.m.  
**Venue** : M.C. Ghia Hall, Bhogilal Hargovindas Building,  
 18/20, K. Dubash Marg, Kalaghoda,  
 Mumbai 400 001.

**2. Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March

**3. Book Closure Date** : 12<sup>th</sup> July, 2013 to 26<sup>th</sup> July, 2013 (both days inclusive)

**4. Dividend Payment:**

Dividend will be paid on or after 31<sup>st</sup> July, 2013, subject to the approval of the shareholders at the Annual General Meeting, to those shareholders whose names appear in the Register of Members of the Company on the date of the Annual General Meeting i.e. 26<sup>th</sup> July, 2013.

**5. Listing of shares on Stock Exchanges:**

The equity shares of the Company are listed on BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The Annual Listing fee for the financial year 2013-2014 has been paid to BSE & NSE.

**6. Stock Codes:**

Name of the Stock Exchange	Stock Code
BSE	524129
NSE	VINYLINDIA

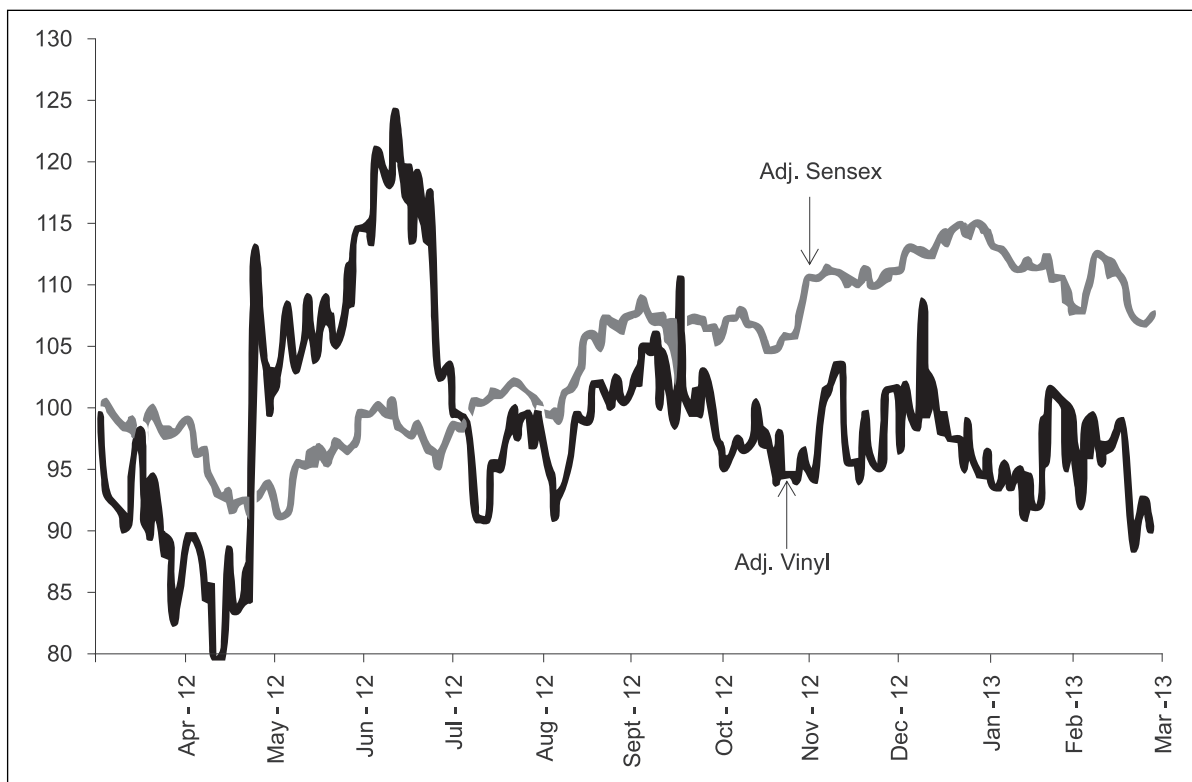
**7. Market Price Data:**

During the financial year 2012-2013, the share prices for one equity share of face value of ₹ 1 each of the Company at BSE and NSE were as under:

Month & Year	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2012	10.76	8.26	10.40	7.55
May, 2012	12.06	7.76	12.20	7.70
June, 2012	11.64	10.10	11.50	10.10
July, 2012	13.05	10.00	13.05	9.80
August, 2012	10.74	9.45	10.50	9.15
September, 2012	11.00	9.08	10.75	9.15
October, 2012	11.00	9.44	11.45	9.35
November, 2012	10.48	9.00	10.50	9.15
December, 2012	10.43	9.00	11.35	9.40
January, 2013	11.50	9.37	11.10	9.05
February, 2013	10.45	9.25	11.05	9.00
March, 2013	10.49	8.49	10.45	8.30

### 8. Stock Performance:

During the financial year 2012-2013, the performance of the equity share of face value of ₹ 1 each of the Company in comparison to the BSE Sensex is given in the chart below:



### 9. Registrar and Transfer Agents:

TSR Darashaw Pvt. Ltd.  
 Unit: Vinyl Chemicals (India) Ltd.  
 6-10, Haji Moosa Patrawala Ind. Estate,  
 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011  
 Tel: (022) 6656 8484 Fax: (022) 6656 8494  
 E-mail: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

### 10. 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	TSR Darashaw Pvt. Ltd.
Upto 50000	Shri M.B. Parekh, Managing Director or in his absence, the Company Secretary
Above 50000	Share Transfer Committee comprising of the Directors viz. Sarva Shri N.K. Parekh and R.M. Gandhi

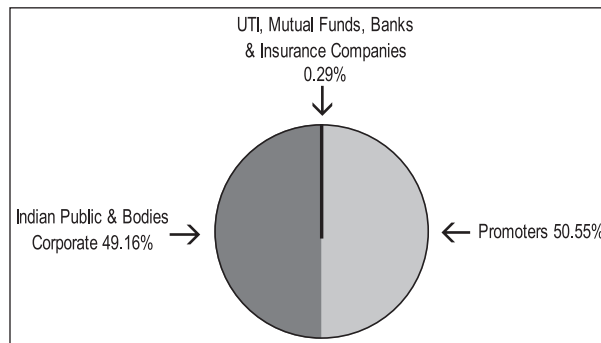
Presently the share transfers which are received in physical form are processed and the share certificates, duly transferred, are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.



**11. Distribution of Shareholding as on 31<sup>st</sup> March, 2013:**

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 5000	19682	99.00	6262388	34.15
5001 – 10000	104	0.52	757647	4.13
10001 – 20000	41	0.21	545244	2.97
20001 – 30000	20	0.10	512950	2.80
30001 – 40000	10	0.05	364510	1.99
40001 – 50000	8	0.04	360425	1.97
50001 – 100000	9	0.05	623634	3.40
100001 and above	6	0.03	8910313	48.59
<b>Total</b>	<b>19880</b>	<b>100.00</b>	<b>18337111</b>	<b>100.00</b>
No. of shareholders and shares in physical mode	8164	41.07	1554944	8.48
No. of beneficial owners and shares in electronic mode	11716	58.93	16782167	91.52
<b>Total</b>	<b>19880</b>	<b>100.00</b>	<b>18337111</b>	<b>100.00</b>

**12. Shareholding Pattern as on 31<sup>st</sup> March, 2013:**



**13. Dematerialisation of shares & liquidity:**

As on 31<sup>st</sup> March, 2013, 1,67,82,167 (91.52%) 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.

**14. Outstanding GDRs/ADRs/Warrants/Convertible Instruments:**

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

**15. Plant Locations:** Nil

**16. Address for Correspondence:**

**Registered Office:**

Regent Chambers, 7<sup>th</sup> Floor, Jamnalal Bajaj Marg,  
208, Nariman Point, Mumbai 400 021.  
Tel: (022) 2282 2708 Fax: (022) 2204 3969  
E-mail: cs.pcpatel@pidilite.com Website: www.vinylchemicals.com

**17. 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.

**18. Disclosure under Clause 5A(II) of the Listing Agreement:**

During the year, the Company has transferred and dematerialized 2,64,314 equity shares of face value of ₹ 1 each which were issued in physical form to 1,734 shareholders and remained unclaimed to 'Vinyl Chemicals (India) Ltd. Unclaimed Suspense Account'. No shareholder has approached the Company for transfer of shares and consequently no shares were transferred from the unclaimed suspense account to shareholders' account during the year.

# 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 SEVENTH ANNUAL GENERAL MEETING of the Company held on Friday, the 26th July, 2013 at 11.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kalaghoda, Mumbai 400 001.

\_\_\_\_\_  
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

Member(s) of the above named Company, hereby appoint \_\_\_\_\_

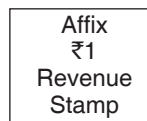
of \_\_\_\_\_ in the district of \_\_\_\_\_

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 SEVENTH ANNUAL GENERAL MEETING of the Company held on Friday, the 26th July, 2013 at 11.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kalaghoda, Mumbai 400 001 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013



\* 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.

FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

1	Name of the Company	Vinyl Chemicals (India) Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	N.A

For D.A.Kothari & Co.,  
Chartered Accountants  
(FRN 105299W)



D.A.Kothari  
Proprietor  
Membership No. 06301

For Vinyl Chemicals (India) Limited



M.B.Parekh  
Managing Director



R.M.Gandhi  
Chairman of the Audit Committee



Mahendra Gayatonde  
Team Head – Accounts  
(Person heading the Finance Function)

Date: 27 JUN 2013

Place: Mumbai