



# Vinyl Chemicals (India) Ltd.

Regd. Off. : 7th Floor, Regent Chambers, Jammalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021.  
Phone : 2282 2708 Gram : PIDIVYL Telefax : 2204 3969  
CIN : L24100MH1986PLC039837

VCIL/BSE/F/24

July 10, 2019

BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street  
**MUMBAI-400 001.**

Sub: Submission of AGM Notice & Annual Report.

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith copy of Notice of forthcoming 33<sup>rd</sup> Annual General Meeting of the Company to be held on 5<sup>th</sup> August, 2019 and 33<sup>rd</sup> Annual Report for the financial year ended 31<sup>st</sup> March, 2019 which have been despatched to the Shareholders of the Company.

Thanking you,

Yours faithfully  
for VINYL CHEMICALS (INDIA) LTD

**SECRETARY.**

CC: National Stock Exchange of India Ltd



## NOTICE

Notice is hereby given that the THIRTY THIRD ANNUAL GENERAL MEETING of the members of the Company will be held on Monday, the 5<sup>th</sup> August, 2019 at 11:00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019 together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri N.K. Parekh, who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and Rule 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment there of for the time being in force) Shri N.K. Parekh (DIN: 00111518), aged 81 years, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

4. To appoint Statutory Auditors and in this regard to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force and pursuant to the recommendation of the Audit Committee M/s Khanna & Panchmia, Chartered Accountants (Firm Registration No. 136041W) be and are hereby appointed as Statutory Auditors of the Company for a second term of 5 (five) consecutive years from the conclusion of the 33<sup>rd</sup> Annual General Meeting (AGM) until the conclusion of 38<sup>th</sup> AGM of the Company, on such remuneration as may be mutually agreed upon between Board of Directors and the Statutory Auditors plus out of pocket expenses as incurred by them in connection with statutory audit and other charges in respect of services rendered by them, if any, in any other capacity.”

### Special Business:

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri R.M. Gandhi (DIN: 00029437), who was appointed as an Independent Director of the Company for five consecutive years from the 28<sup>th</sup> Annual General Meeting (AGM) upto the conclusion of 33<sup>rd</sup> AGM of the Company and being eligible, be and is hereby re-appointed as Independent Director of the Company to hold office for a second consecutive term commencing from the conclusion of the 33<sup>rd</sup> AGM upto 31<sup>st</sup> March, 2024 and he shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary be and are hereby severally authorised to settle any question, difficulty or doubt that may arise in giving effect to this Resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”



6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Smt. Y.J. Mogrelia (DIN: 00112002), who was appointed as an Independent Director of the Company for five consecutive years from the 28<sup>th</sup> Annual General Meeting (AGM) upto the conclusion of 33<sup>rd</sup> AGM of the Company and being eligible, be and is hereby re-appointed as Independent Director of the Company to hold office for a second consecutive term commencing from the conclusion of the 33<sup>rd</sup> AGM upto 31<sup>st</sup> March, 2024 and she shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary be and are hereby severally authorised to settle any question, difficulty or doubt that may arise in giving effect to this Resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri A.D. Mavinkurve (DIN: 00631566), who was appointed as an Independent Director of the Company for five consecutive years from the 28<sup>th</sup> Annual General Meeting (AGM) upto the conclusion of 33<sup>rd</sup> AGM of the Company and being eligible be and is hereby re-appointed as Independent Director of the Company to hold office for a second consecutive term commencing from the conclusion of the 33<sup>rd</sup> AGM upto 31<sup>st</sup> March, 2024 and he shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary be and are hereby severally authorised to settle any question, difficulty or doubt that may arise in giving effect to this Resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

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.  
CIN: L24100MH1986PLC039837

Date: 13<sup>th</sup> May, 2019



**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, to be effective, should be deposited at the Registered Office of the Company, duly signed and stamped, not later than 48 hours before the commencement of the meeting.  

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. A proxy shall not have a right to speak at the meeting and shall not be entitled to vote except on a poll.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out all material facts in respect of Item Nos. 3 to 7 of the Notice is annexed hereto and the same shall form part of this Notice.
5. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 30<sup>th</sup> July, 2019 to Monday, the 5<sup>th</sup> August, 2019 (both days inclusive).
6. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting (AGM), will be paid on or after 8<sup>th</sup> August, 2019 to those shareholders whose names appear on the Register of Members of the Company on 5<sup>th</sup> August, 2019. 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. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
7. Members may note that vide Circular dated 21<sup>st</sup> March, 2013, Securities and Exchange Board of India (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.
8. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in *electronic form* are required to submit their PAN to their Depository Participants and Members holding shares in *physical form* shall submit their PAN to the Company/Registrar and Transfer Agents (R & T Agents).
9. Route Map of the venue of the AGM is given at the end of this Notice.
10. Members are requested to inform the 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 address immediately.
11. 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.
12. 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.



13. Members/Proxies are requested to bring the Attendance Slips, duly filled & signed, which is enclosed herewith. Members are requested to sign and hand it over at the entrance.
14. Members are requested to bring the Annual Report with them as additional copies of the same will not be provided at the meeting.
15. 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.
16. Pursuant to Sections 205A, 205C and other applicable provisions, if any, of the Companies Act, 1956 all dividends remaining unclaimed/unpaid for a period of seven years from the date they became due for payment were required to be transferred to the Investor Education and Protection Fund (IEPF). Sections 124 and 125 of the Companies Act, 2013 ('The Act') read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules'), which became applicable with effect from 7<sup>th</sup> September, 2016, also contains similar provisions for transfer of such amounts to the IEPF. Accordingly, all dividend remaining unclaimed/unpaid for seven years from the date they became due for payment, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

**Further, as per Section 124(6) of the Act read with the Rules, as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred by the Company to the demat account of the IEPF Authority .**

In the event of transfer of shares and the unclaimed dividends to the IEPF Authority, members are entitled to claim the same from the IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the MCA website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed, to the Company along with the requisite documents enumerated in the said Form. Members are permitted to file only one consolidated claim in a Financial Year as per IEPF Rules.

The Company has sent Notice to all the Members whose dividends are unpaid/unclaimed for the Financial Year ended 31<sup>st</sup> March, 2012 to claim the same immediately from the Company/R & T Agents.

**Members who have not yet encashed their Dividend Warrants from the Financial Years 2011-2012 till the Financial Year 2017-2018 are requested to contact the R & T Agents for claiming the unclaimed amount.**

17. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days except Saturdays upto the date of the AGM.
18. The equity shares of the Company are required to be compulsorily traded in dematerialised form. The equity shares are available for dematerialisation under ISIN **INE250B01029**. **Further, SEBI has mandated that w.e.f 1<sup>st</sup> April, 2019, transfer of securities shall be effected in demat form only (except transimission or transposition of securities, which may be effected in physical form).**

**In view of the above and in order to avail various benefits of dematerialisation, members who are holding equity shares in physical form are advised to dematerialise their shares immediately and hold the shares in electronic form.**

**19. Voting through electronic means:**

- A. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility to the members to exercise their right to vote by electronic means through e-voting services provided by NSDL on all the resolutions set out in this Notice.



The instructions for e-voting are as under:

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps”, as mentioned below:

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.

**Step 2:** Cast your vote electronically on NSDL e-Voting system.

**Details of Step 1 are as given below:**

**How to Log-in to NSDL e-Voting website?**

- a. Visit the e-Voting website of NSDL. Open web browser by typing the following URL viz. <https://www.evoting.nsdl.com> either on a Personal Computer or Mobile.
- b. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
- c. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

d. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL/CDSL) or Physical</b>	<b>Your User Id</b>
For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

e. Your password details are given below:

- i. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- ii. If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- iii. How to retrieve your ‘initial password’?
  - If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
  - If your email ID is not registered, your ‘initial password’ will be communicated to you on your postal address.



- f. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
  - i. Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - ii. **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - iii. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - vi. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- g. After entering your password, tick on “Agree to Terms and Conditions” by selecting on the check box.
- h. Now, you will have to click on “Login” button.
- i. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 are given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

- a. After successful Login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- b. Then click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- c. Select “EVEN” of company for which you wish to cast your vote.
- d. Now you are ready for e-Voting as the Voting page opens.
- e. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- f. Upon confirmation, the message “Vote cast successfully” will be displayed.
- g. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- h. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders:**

- a. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [shethmm\\_cs@yahoo.com](mailto:shethmm_cs@yahoo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).



20. Members whose names appear in the Register of Members/List of Beneficial owners as on 29<sup>th</sup> July, 2019 (cut-off date) are entitled to vote on the resolution set out in this Notice through remote e-voting or Ballot Paper facility provided at the meeting.
21. The remote e-voting period will commence from Friday, 2<sup>nd</sup> August, 2019 at 9:00 a.m. and end on Sunday, 4<sup>th</sup> August, 2019 at 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date may cast their vote by remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, Members shall not be allowed to change or modify it subsequently or cast their vote again.
22. The voting rights of shareholders shall be in proportion to the share in the paid up equity share capital of the Company as on the cut-off date.
23. Any person who acquires shares of the Company and becomes a member after despatch of the Notice and hold shares as on the cut-off date (i.e. 29<sup>th</sup> July, 2019), may obtain the USER ID and PASSWORD by sending email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) quoting the Folio No. (*if shares are held in Physical Form*) or DP Id & Client Id (*if shares are held in Demat Form*). However, if such members are already registered with NSDL for remote e-voting, they can use the existing USER ID and PASSWORD for casting their vote. If you forget your password, you can reset your password by using "Forgot User Details/ Password" option available on NSDL website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL on their Toll Free No. 1800-222-990.
24. A member may participate in the meeting after casting his vote through remote e-voting but shall not be allowed to vote once again at the meeting.
25. Mr. M.M. Sheth, Practising Company Secretary, Mumbai (Membership No. FCS 1455, CP No. 729) has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
26. The scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall within 48 hours of the conclusion of the meeting submit a consolidated Scrutinizer's Report of the total votes cast in favour or against the resolution to the Chairman or a person authorised by him in writing, who shall countersign the same.
27. The results alongwith the Scrutinizer's Report shall be placed on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com) and on the NSDL's website [www.evotingnsdl.com](http://www.evotingnsdl.com) and communicated to the stock exchanges.
28. In compliance with the provisions of Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company shall provide Ballot Paper facility at the meeting for the benefit of Members attending the meeting and who have not cast their vote earlier through remote e-voting facility.





## EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

### Item No. 3

*Although strictly not required under the provisions of the Companies Act, 2013, Explanatory Statement on this item is being given for information of the Members.*

Shri N.K. Parekh, aged 81 years, is due to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as a Non-Executive Director of the Company.

In terms of the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to pass Special Resolution for his re-appointment.

A brief profile of Shri N.K. Parekh as stipulated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in this Notice.

It would be in the Interest of the Company to continue to avail the Services of Shri N.K. Parekh as Non-Executive Director.

Except Shri N.K. Parekh, in respect of whom this resolution pertains, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution for approval of the Members.

### Item No. 4

*Although strictly not required under the provisions of the Companies Act, 2013, Explanatory Statement on this item is being given for information of the Members.*

M/s Khanna & Panchmia, Chartered Accountants (Firm Registration No. 136041W), Statutory Auditors, were appointed by the Members to hold office for a period of 5 consecutive years from the 28<sup>th</sup> Annual General Meeting (AGM) upto the conclusion of the 33<sup>rd</sup> AGM of the Company.

The Audit Committee and the Board of Directors (the Board) of the Company have recommended the appointment of M/s Khanna & Panchmia, Chartered Accountants (Firm Registration No. 136041W), as the Statutory Auditors of the Company for a second term of 5 (five) consecutive years from the conclusion of the 33<sup>rd</sup> AGM upto the conclusion of the 38<sup>th</sup> AGM of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and Statutory Auditors, plus out of pocket expenses as incurred by them in connection with statutory audit and other charges in respect of services rendered by them, if any, in any other capacity.

M/s Khanna & Panchmia, Chartered Accountants, have given their consent under Section 139 of the Companies Act, 2013 for their appointment as Statutory Auditors along with a certificate stating that their appointment will be as per the criteria specified under Section 141(3) of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board recommends this resolution for approval of the Members.



**Item No. 5**

Shri R.M. Gandhi was appointed as an Independent Director of the Company and he holds office upto the conclusion of the 33<sup>rd</sup> AGM of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee considers that given the background, experience and contributions made by him during his tenure, the continued association of Shri R.M. Gandhi would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Shri R.M. Gandhi as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term commencing from the conclusion of 33<sup>rd</sup> AGM upto 31<sup>st</sup> March, 2024 on the Board of the Company.

Shri R.M. Gandhi is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. The Company has also received declaration from Shri R.M. Gandhi stating that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Shri R.M. Gandhi fulfils the conditions for appointment as an Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and he is independent of the management.

Details of Shri R.M. Gandhi are provided in the “Annexure” to the Notice. He shall be paid remuneration by way of fees for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Companies Act, 2013. A copy of the draft letter of appointment of Shri R.M. Gandhi setting out the terms and conditions of appointment is available for inspection by the members at the Registered Office of the Company.

Shri R.M. Gandhi is interested in this resolution with regard to his re-appointment. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Board recommends the Special Resolution for approval by the members.

**Item No. 6**

Smt. Y.J. Mogrelia was appointed as an Independent Director of the Company and she holds office of the Company upto the conclusion of the 33<sup>rd</sup> AGM.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that given the background, experience and contributions made by her during her tenure, the continued association of Smt. Y.J. Mogrelia would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director. Accordingly, it is proposed to re-appoint Smt. Y.J. Mogrelia as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term commencing from the conclusion of 33<sup>rd</sup> AGM upto 31<sup>st</sup> March, 2024 on the Board of the Company.

Smt. Y.J. Mogrelia is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director. The Company has also received declaration from Smt. Y.J. Mogrelia stating that she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



In the opinion of the Board, Smt. Y.J. Mogrelia fulfils the conditions for appointment as an Independent Director as specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and she is independent of the management.

Details of Smt. Y.J. Mogrelia, are provided in the “Annexure” to the Notice. She shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Companies Act, 2013. A copy of the draft letter of appointment of Smt. Y.J. Mogrelia setting out the terms and conditions of appointment is available for inspection by the members at the Registered Office of the Company.

Smt. Y.J. Mogrelia is interested in this resolution with regard to her re-appointment. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board recommends the Special Resolution for approval by the Members.

**Item No. 7**

Shri A.D. Mavinkurve was appointed as an Independent Director of the Company and he holds office of the Company up to the conclusion of the 33<sup>rd</sup> AGM.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that given his background, experience and contributions made by him during his tenure, the continued association of Shri A.D. Mavinkurve would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Shri A.D. Mavinkurve as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term commencing from the conclusion of 33<sup>rd</sup> AGM upto 31<sup>st</sup> March, 2024 on the Board of the Company.

Shri A.D. Mavinkurve is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. The Company has also received declaration from Shri A.D. Mavinkurve stating that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In the opinion of the Board, Shri A.D. Mavinkurve fulfils the conditions for appointment as an Independent Director as specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and he is independent of the management.

Details of Shri A.D. Mavinkurve are provided in the “Annexure” to the Notice. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Companies Act, 2013. A copy of the draft letter of appointment of Shri A.D. Mavinkurve setting out the terms and conditions of appointment is available for inspection by the members at the Registered Office of the Company.

Shri A.D. Mavinkurve is interested in this resolution with regard to his re-appointment. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Board recommends the Special Resolution for approval by the Members.

### ADDITIONAL INFORMATION ON THE DIRECTORS SEEKING ELECTION AT THE ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Directors	Shri N.K. Parekh	Shri R.M. Gandhi	Smt. Y.J. Mogrelia	Shri A.D. Mavinkurve
Age	81	86	69	69
Date of first appointment on the Board	15.05.1986	02.08.1988	09.06.1998	27.01.2009
Qualification/Expertise in specified filed	Chemical Engineer [B.SC., B.sc(Tech), M.S. Chem. Engg. (USA)]. Experience in chemical industry of over 5 decades.	Master's Degree in Law (LLM), Experience of over 6 decades as Advocate and Solicitor.	Master's Degree in Commerce (M.com.), Member of Institute of Cost and Works Accountants of India (ICWAI). Diploma in Business Administration (DBA) and Diploma in Managerial Accounting (DMA). Overall experience of over 4 decades in the financial filed, including over 2 decades in a leading financial Institution.	B. Tech (Hons.) (Metallurgy) from Indian Institute of Technology (IIT). Diploma in Business Management (DBM). Overall experience of 5 years in the industry and over 3 decades in the field of financial services including 6 years in a leading financial institution.
Directorship in other public Companies (excluding Directorship in Foreign and Section 8 Companies as on 31.03.2019)	Pidilite Industries Limited Fevicol Company Limited Parekh Marketing Limited Kalva Marketing and Services Limited	Aarti Industries Limited Aarti Drugs Limited	None	None
Chairperson/Membership of Statutory Committee(s) of the Board of Directors of other Listed Companies as on 31.03.2019	<b>Committee Positions:</b> <b>Memberships</b> Pidilite Industries Limited <ul style="list-style-type: none"> <li>• Stakeholder Relationship Committee</li> <li>• Nomination &amp; Remuneration Committee</li> <li>• Corporate Social Responsibility Committee</li> </ul>	<b>Committee Positions:</b> <b>Chairmanships</b> <ul style="list-style-type: none"> <li>• Aarti Drugs Limited (Audit Committee)</li> <li>• Aarti Industries Limited (Nomination &amp; Remuneration Committee)</li> <li>• Aarti Industries Limited Corporate Social Responsibility Committee</li> </ul> <b>Memberships</b> <ul style="list-style-type: none"> <li>• Aarti Drugs Limited (Nomination &amp; Remuneration Committee)</li> <li>• Aarti Industries Limited (Audit Committee)</li> </ul>	Nil	Nil
Numbers of shares held in the Company	75,951	2,700	300	Nil
Relationship with other Directors, Manager or Key Personnel, if any	None	None	None	None

**Note:**

For other details, such as number of meetings of the Board attended during the year, remuneration drawn, Committee positions in the Company, etc. please refer to the Corporate Governance Report, which forms part of the Annual Report of the Company.





### Route Map of the venue of Annual General Meeting:





# Vinyl Chemicals (India) Ltd.

CIN: L24100MH1986PLC039837

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

**Tel.:** 2282 2708; **Fax:** 2204 3969; **Email:** cs.vinylchemicals@pidilite.com; **Website:** www.vinylchemicals.com

## ATTENDANCE SLIP

Annual General Meeting on Monday, 5<sup>th</sup> August, 2019 at 11.00 a.m.  
at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021

(To be presented at the entrance)

--

I/We hereby record my/our presence at the 33<sup>rd</sup> Annual General Meeting of the Company to be held on Monday, 5<sup>th</sup> August, 2019 at 11.00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

D.P. Id	
Client Id	

Folio No.	
No. of Share(s) held	

NAME OF THE SHAREHOLDER
-------------------------

NAME OF THE PROXY
-------------------

\_\_\_\_\_  
SIGNATURE OF THE ATTENDING MEMBER/PROXY

### E-VOTING PARTICULARS

ELECTRONIC VOTING EVENT NUMBER (EVEN)	USER ID	PASSWORD

**NOTE :** Please refer to the instructions printed under the Notes to the Notice of the 33<sup>rd</sup> Annual General Meeting. The e-voting period commences on Friday, 2<sup>nd</sup> August, 2019 at 9.00 a.m. IST and ends on Sunday, 4<sup>th</sup> August, 2019 at 5.00 p.m. IST. The e-voting module shall be disabled by NSDL for voting thereafter.



Vinyl Chemicals (India) Ltd.

**BOARD OF DIRECTORS**

Shri M.B. Parekh - Chairman & Managing Director

Shri N.K. Parekh

Shri R.M. Gandhi

Smt. Y.J. Mogrelia

Shri A.D. Mavinkurve

**PRESIDENT & SECRETARY**

Shri P.C. Patel

**AUDITORS**

Khanna & Panchmia

**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  
ICICI Bank

**REGISTRAR AND TRANSFER AGENTS**

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

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## DIRECTORS' REPORT

Your Directors present the Thirty Third Annual Report and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

### Financial Results:

(₹ in Lacs)

Particulars	Current Year	Previous Year
<b>Profit before Interest, Depreciation and Tax</b>	<b>1408</b>	<b>1820</b>
Less: Interest & Other Finance Costs	8	8
Depreciation	*	*
<b>Profit before Taxation</b>	<b>1400</b>	<b>1812</b>
Less: Provision for Current Taxation	510	616
(Add)/Less: Provision for Deferred Tax	4	29
<b>Profit for the year</b>	<b>886</b>	<b>1167</b>
(Add)/Less: Other Comprehensive Income	(2)	(*)
<b>Total Comprehensive Income</b>	<b>884</b>	<b>1167</b>
Add: Profit Brought Forward from Previous Year	4136	3418
<b>Opening balance of Retained Earnings</b>	<b>5022</b>	<b>4585</b>
<b>Appropriations:</b>		
Dividend on Equity Shares	#440	@330
Tax on Dividend	#90	@67
Transfer to General Reserve	\$ Nil	50
<b>Total</b>	<b>530</b>	<b>447</b>
<b>Closing balance of Retained Earnings</b>	<b>4492</b>	<b>4138</b>

\* less than ₹ 1 lac

# relates to Dividend for F.Y. 2017-18

@ relates to Dividend for F.Y. 2016-17

\$ It is proposed not to transfer any amount to the General Reserve

### Dividend:

Out of Current Year's profit, the Directors recommend payment of dividend of ₹ 2.40 per equity share of ₹ 1 each (previous year ₹ 2.40 per equity share) amounting to ₹ 4,40,09,066 (previous year ₹ 4,40,09,066) on 1,83,37,111 equity shares of ₹ 1 each.

### 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 ₹ 46,604 lacs.
- c. During the year, the Company earned Net Profit of ₹ 886 lacs as against ₹ 1,167 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, Shri N.K. Parekh, a Director of the Company, retires by rotation and being eligible, offer himself for re-appointment.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, have recommended the re-appointment of Shri R.M. Gandhi, Smt. Y.J. Mogrelia and Shri A.D. Mavinkurve as Independent Directors for a second consecutive term from the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company upto 31<sup>st</sup> March, 2024 and they will not be liable to retire by rotation.

The Company has received declarations from Shri R.M.Gandhi, Smt.Y.J. Mogrelia and Shri A.D. Mavinkurve, Independent Directors, that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (Listing Regulations).

**Extract of Annual Return:**

Extract of Annual Return for the Financial Year ended on 31<sup>st</sup> March, 2019, as required under Section 92(3) of the Companies Act, 2013 is annexed as Annexure 1.

**Number of Board Meetings:**

During the year, the Board of Directors met 4 times. The details of Board Meetings are given in the Corporate Governance Report section of this Annual Report.

**Particulars of Loans, Guarantees or Investments:**

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013 are given in the Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019.

**Related Party Transactions:**

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business and were placed before the Audit Committee for approval.

Particulars of arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 for the Financial Year 2018-2019 are given in prescribed Form AOC - 2 which is annexed as Annexure 2.

The policy on Related Party Transactions as recommended by Audit Committee and as approved by the Board is uploaded on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com).

**Risk Management:**

The Company has a structured Risk Management Plan. The Risk Management process is designed to safeguard the organization from various risks through adequate and timely actions.

**Corporate Social Responsibility:**

The Annual Report on CSR activities as required under Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure 3.

**Remuneration Policy:**

The Remuneration Policy of the Company is available on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com) and is annexed as Annexure 4. There has been no change in the policy since the last financial year. The remuneration paid to the Directors are as per the terms laid out in the remuneration policy of the Company.

**Committees of the Board:**

The following Statutory Committees constituted by the Board function according to their respective roles and defined scope:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Corporate Social Responsibility Committee
- d. Stakeholders Relationship Committee

Details of composition, terms of reference and meetings held during the year of the above Committees are given in the Corporate Governance Report section of this Annual Report.

All remunerations made by the Audit Committee have been accepted by the Board.



**Statutory Auditors:**

There are no qualifications, reservations, adverse remarks or disclaimers made in the Auditors' Report on the Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019.

During the year under review, the Auditors have not reported any matter under Section 143(12) of the Companies Act, 2013.

The present term of appointment of M/s. Khanna & Panchmia, Chartered Accountants, Mumbai will expire at the conclusion of ensuing 33<sup>rd</sup> Annual General Meeting of the Company. The Board of Directors have recommended re-appointment of M/s. Khanna & Panchmia, Chartered Accountants, Mumbai for a second term of 5 consecutive years. Members are requested to appoint Auditors at the ensuing Annual General Meeting.

**Subsidiaries and Joint Ventures:**

The Company has no Subsidiaries and Joint Venture Companies.

**Vigil Mechanism/Whistle Blower Policy:**

The Company has established a Vigil Mechanism and adopted a Whistle Blower Policy for Directors and employees. The details of the policy are posted on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com).

**Secretarial Audit Report:**

Pursuant to Section 204 of the Companies Act, 2013, the Secretarial Audit Report for the year ended 31<sup>st</sup> March, 2019 given by M/s. M.M. Sheth & Co., Practicing Company Secretaries, is annexed as Annexure 5. The report is unqualified.

**Deposits:**

The Company has not accepted any public deposit.

**Internal Financial Controls:**

Adequate internal financial control system and checks are in place commensurate with the size of the Company and nature of its business.

**Directors' Responsibility Statement:**

As required under the provisions of Section 134 of the Companies Act, 2013, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures, if any;
- 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 as at 31<sup>st</sup> March, 2019 and of the profits of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis;
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**Corporate Governance:**

Report on Corporate Governance in accordance with Regulation 34 read with Schedule V of the Listing Regulations alongwith a certificate from the Auditors of the Company is given separately in this Annual Report.

**Management Discussion and Analysis Report:**

Management Discussion and Analysis Report for the year under review as stipulated under the Listing Regulations is given in a separate section of this Annual Report.

**Disclosure under Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014:**

The information pursuant to Section 197 of the Companies Act, 2013 read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors, Key Managerial Personnel and employees of the Company are annexed as Annexure 6.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The particulars under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, to the extent applicable to the Company, is given in the prescribed format which is annexed as Annexure 7.

**Annual Evaluation by the Board:**

The Board of Directors of the Company have carried out evaluation of its own performance, its committees and individual Directors. The result of the evaluation is satisfactory, adequate and meets with the requirements of the Company.

**Familiarisation Programme:**

The Company has put in place a familiarisation programme for all its Directors including Independent Directors and the same is available on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com).

**General:**

- a) The Company has not issued Sweat Equity shares and Equity shares with Differential Rights during the Financial Year 2018-2019.
- b) The Company does not have Employees Stock Option Scheme.
- c) No Significant and Material Orders were passed by the Regulators against the Company during the Financial Year 2018-2019.
- d) The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and no complaints were received by the Company during the Financial Year 2018-19 under the said Act.
- e) There have been no material changes and commitments affecting the financial position of the Company after the end of financial year till the date of this Report.
- f) The Company has complied with the Secretarial Standards issued by Institute of Company Secretaries of India on Meetings of Board of Directors and General Meetings.
- g) The details of the constitution of Nomination and Remuneration Committee and Stakeholders Relationship Committee are given in the Corporate Governance Report section of this Annual Report.
- h) The Central Government has not specified maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 for the Company.

**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, customers and banks for their continued support.

FOR AND ON BEHALF OF THE BOARD

Mumbai  
Date: 13<sup>th</sup> May, 2019

**M.B. PAREKH**  
CHAIRMAN & MANAGING DIRECTOR



**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2019**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i	CIN	L24100MH1986PLC039837
ii	Registration Date	15.05.1986
iii	Name of the Company	Vinyl Chemicals (India) Limited
iv	Category / Sub-Category of the Company	Public Company/ Limited by Shares
v	Address of the Registered office and contact details	Regent Chambers, 7 <sup>th</sup> Floor, Jamnalal Bajaj Marg, 208 Nariman Point, Mumbai 400 021.  Mr. P.C. Patel Company Secretary Tel: (022) 2282 2708
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. Tel: (022) 6656 8484

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated.

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Wholesale trade of industrial chemicals	46691	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

NIL

## IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)(1)</b>	<b>Promoters</b>									
(a)	Individuals / Hindu Undivided Family	666,426	0	666,426	3.63	683,826	0	683,826	3.73	0.09
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	8,598,335	0	8,598,335	46.89	8,598,335	0	8,598,335	46.89	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (1)</b>	<b>9,264,761</b>	<b>0</b>	<b>9,264,761</b>	<b>50.52</b>	<b>9,282,161</b>	<b>0</b>	<b>9,282,161</b>	<b>50.62</b>	<b>0.09</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>9,264,761</b>	<b>0</b>	<b>9,264,761</b>	<b>50.52</b>	<b>9,282,161</b>	<b>0</b>	<b>9,282,161</b>	<b>50.62</b>	<b>0.09</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	0	600	600	0.00	0	600	600	0.00	0.00
(b)	Financial Institutions / Banks	11,356	460	11,816	0.06	500	460	960	0.01	-0.06
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	43,674	0	43,674	0.24	43,674	0	43,674	0.24	0.00
(f)	Foreign Institutional Investors	2,574	0	2,574	0.01	0	0	0	0.00	-0.01
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investors (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
(j)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B) (1)</b>	<b>57,604</b>	<b>1,060</b>	<b>58,664</b>	<b>0.31</b>	<b>44,174</b>	<b>1,060</b>	<b>45,234</b>	<b>0.25</b>	<b>-0.07</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	1,009,468	81,557	1,091,025	5.95	903,543	81,157	984,700	5.37	-0.58
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,884,988	1,037,673	7,922,661	43.21	7,145,030	879,986	8,025,016	43.76	0.56
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
i	Trusts	0	0	0	0.00	0	0	0	0.00	0.00
ii	O C B	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B) (2)</b>	<b>7,894,456</b>	<b>1,119,230</b>	<b>9,013,686</b>	<b>49.16</b>	<b>8,048,573</b>	<b>961,143</b>	<b>9,009,716</b>	<b>49.13</b>	<b>-0.02</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>7,952,060</b>	<b>1,120,290</b>	<b>9,072,350</b>	<b>49.48</b>	<b>8,092,747</b>	<b>962,203</b>	<b>9,054,950</b>	<b>49.38</b>	<b>-0.09</b>
	<b>TOTAL (A)+(B)</b>	<b>17,216,821</b>	<b>1,120,290</b>	<b>18,337,111</b>	<b>100.00</b>	<b>17,374,908</b>	<b>962,203</b>	<b>18,337,111</b>	<b>100.00</b>	
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>17,216,821</b>	<b>1,120,290</b>	<b>18,337,111</b>	<b>100.00</b>	<b>17,374,908</b>	<b>962,203</b>	<b>18,337,111</b>	<b>100.00</b>	



**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Pidilite Industries Ltd.	7,451,540	40.64	0.00	7,451,540	40.64	0.00	0.00
2	Parekh Marketing Ltd.	430,200	2.35	0.00	430,200	2.35	0.00	0.00
3	Kalva Marketing and Services Ltd.	393,770	2.15	0.00	393,770	2.15	0.00	0.00
4	Pidichem Pvt Ltd.	133,175	0.73	0.00	133,175	0.73	0.00	0.00
5	Mala Madhukar Parekh	125,500	0.68	0.00	125,500	0.68	0.00	0.00
6	Madhukar Balvantray Parekh	124,763	0.68	0.00	124,763	0.68	0.00	0.00
7	Ajay Balvantray Parekh	94,583	0.52	0.00	94,583	0.52	0.00	0.00
8	Narendrakumar Kalyanji Parekh	75,951	0.41	0.00	75,951	0.41	0.00	0.00
9	Ishijas Chemicals Pvt. Ltd.	64,550	0.35	0.00	64,550	0.35	0.00	0.00
10	Harton Pvt Ltd.	47,000	0.26	0.00	47,000	0.26	0.00	0.00
11	Bharati Narendrakumar Parekh	42,750	0.23	0.00	42,750	0.23	0.00	0.00
12	Jasna Raoul Thackersey	42,750	0.23	0.00	42,750	0.23	0.00	0.00
13	The Vacuum Forming Company Pvt. Ltd.	40,000	0.22	0.00	40,000	0.22	0.00	0.00
14	Parkem Dyes & Chemicals Pvt. Ltd.	38,100	0.21	0.00	38,100	0.21	0.00	0.00
15	Ami Ajay Parekh	35,650	0.19	0.00	35,650	0.19	0.00	0.00
16	Apurva Narendrakumar Parekh	28,500	0.16	0.00	28,500	0.16	0.00	0.00
17	Darshana Bimal Mody	21,575	0.12	0.00	21,575	0.12	0.00	0.00
18	Kalpana Apurva Parekh	3,688	0.02	0.00	21,502	0.12	0.00	0.10
19	Rashmikant Himatlal Parekh	25,200	0.14	0.00	18,073	0.10	0.00	-0.04
20	Sushilkumar Kalyanji Parekh	14,401	0.08	0.00	14,401	0.08	0.00	0.00
21	Harish Himatlal Parekh	0	0.00	0.00	14,322	0.08	0.00	0.08
22	Harshada Harvadan Vakil	0	0.00	0.00	7,745	0.04	0.00	0.04
23	Parul Harish Parekh	0	0.00	0.00	5,505	0.03	0.00	0.03
24	Kamalini Rashmikant Parekh	12,300	0.07	0.00	5,055	0.03	0.00	-0.04
25	Panna Deepak Sanghavi	0	0.00	0.00	3,545	0.02	0.00	0.02
26	Himatlal Kalyanji Parekh	1,001	0.01	0.00	1,001	0.01	0.00	0.00
27	Malay Rashmikant Parekh	0	0.00	0.00	655	0.00	0.00	0.00
28	Kanta Balvantray Parekh	17,814	0.10	0.00	0	0.00	0.00	-0.10

**iii) Change in Promoter's Shareholding (please specify, if there is no change)**

S. No.	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>At the beginning of the year</b>					9,264,761	50.52
1	29/03/2019	Transmission	-17,814	-0.10	9,246,947	50.43
2	29/03/2019	Transmission	17,814	0.10	9,264,761	50.52
3	26/06/2018	Transmission	-9,497	-0.05	9,255,264	50.47

S. No.	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
4	26/06/2018	Transmission *	2,370	0.01	9,257,634	50.49
5	26/06/2018	Transmission	655	0.00	9,258,289	50.49
6	26/06/2018	Transmission	-7,900	-0.04	9,250,389	50.45
7	26/06/2018	Transmission	655	0.00	9,251,044	50.45
8	26/06/2018	Transmission *	14,322	0.08	9,265,366	50.53
9	26/06/2018	Transmission	3,545	0.02	9,268,911	50.55
10	26/06/2018	Transmission *	7,745	0.04	9,276,656	50.59
11	26/06/2018	Transmission *	5,505	0.03	9,282,161	50.62
<b>At the end of the year</b>					<b>9,282,161</b>	<b>50.62</b>

\* includes existing shares held by the Legal heir prior to Transmission

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Name	No of shares as on 31.03.2018	No of shares as on 31.03.2019	Net Changes	% to Capital
1	Jitendrakumar Saraiya	60,000	66,000	6,000	0.03
2	Neerav A Parekh	60,000	60,000	0	0.00
3	Baljinder Singh	0	51,449	51,449	0.28
4	Parul Surendrakumar Patel	48,873	49,873	1,000	0.01
5	Ushaben Saraiya	40,000	45,000	5,000	0.03
6	The Oriental Insurance Company Ltd.	43,674	43,674	0	0.00
7	Ajay Agarwal	40,000	40,000	0	0.00
8	Aluru Vamsi Krishna	25,000	35,000	10,000	0.05
9	Krishhey Sameer Thacker	41,400	33,300	-8,100	-0.04
10	Motilal Oswal Financial Services Ltd.	24,213	32,708	8,495	0.05

**v) Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Name	No of shares as on 31.03.2018	No of shares as on 31.03.2019	Net Changes	% to Capital
1	Madhukar Balvantray Parekh	124,763	124,763	0	0.68
2	Narendrakumar Kalyanji Parekh	75,951	75,951	0	0.41
3	Ramdas Maneklal Gandhi	2,700	2,700	0	0.01
4	Yasmin Jehangir Mogrelia	300	300	0	*
5	Arun Dattatreya Mavinkurve	0	0	0	0.00
6	Priykanth Chhotalal Patel	102	102	0	*
7	Mahendra Shantaram Gayatonde	0	0	0	0

\* Negligible



**V. INDEBTEDNESS:**

	(₹ in lacs)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0	49.47	0	49.47
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	<b>49.47</b>		<b>49.47</b>
<b>Change in indebtedness at the end of the financial year</b>				
Addition	0	0	0	0
Reduction	0	0	0	0
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	49.47	0	49.47
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	<b>49.47</b>	0	<b>49.47</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director:**

				(₹ in lacs)
Sr. No.	Particulars	Name of Managing Director Shri M.B. Parekh	Total Amount	
1	Gross Salary		0	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		0	
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961		0	
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961		0	
2	Stock Option		0	
3	Sweat Equity		0	
4	Commission			
	- as % of profit		74.00	
	- others		0	
5	Others		0	
	<b>Total (A)</b>		<b>74.00</b>	

Remuneration paid is within the ceiling limits calculated as per Section 198 of the Companies Act, 2013

**B. Remuneration to other Directors:**

Sr. No.	Particulars	Name of Directors				Total Amount
		Shri N.K. Parekh	Shri R.M. Gandhi	Smt. Y.J. Mogrelia	Shri A.D. Ma-vinkurve	
1	Independent Directors					
	Fee for attending Board/ Committee Meetings	0	1.16	1.14	1.20	3.50
	Commission	0	2.25	2.25	2.25	6.75
	Others	0	0	0	0	0
	<b>Total (1)</b>	<b>0</b>	<b>3.41</b>	<b>3.39</b>	<b>3.45</b>	<b>10.25</b>
2	Non-Executive Director					
	Fee for attending Board/ Committee Meetings	0.96	0	0	0	0.96
	Commission	2.25	0	0	0	2.25
	Others	0	0	0	0	0
	<b>Total (2)</b>	<b>3.21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3.21</b>
	<b>Total B=(1)+(2)</b>	<b>3.21</b>	<b>3.41</b>	<b>3.39</b>	<b>3.45</b>	<b>13.46</b>
	<b>Total Managerial Remuneration (A + B)</b>					<b>87.46</b>
	Ceiling as per the Section 198 of the Companies Act, 2013					

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sr. No.	Particulars	Name of Key Managerial Personnel Shri Mahendra Gayatonde, CFO	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		27.13
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961		0
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961		0
2	Stock Option		0
3	Sweat Equity		0
4	Commission		
	- as % of profit		0
	- others		0
5	Others		0
	<b>Total</b>		<b>27.13</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalties/punishment/compounding of offences against the Company, Directors and Officers in Default during the Financial Year ended 31st March, 2019.



**FORM AOC – 2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act including certain arm's length transaction under third proviso thereto.

**1. Details of material contracts or arrangements or transactions not at arm's length basis:**

All contracts/arrangements/transactions entered into during the year ended 31<sup>st</sup> March, 2019 were at arm's length basis.

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

**a. Name (s) of the related party and nature of relationship:**

- i. Pidilite Industries Ltd. (Promoter Company)
- ii. Pidilite Lanka Pvt. Ltd. (Subsidiary of the Promoter Company)

**b. Nature of contracts/arrangements/transactions:**

Sale and supply of goods, products & materials viz. Chemicals

**c. Duration of the contracts/arrangements/transactions:**

On ongoing basis

**d. Salient terms of the contracts or arrangements or transactions including the value, if any:**

Sale of Chemicals viz. VAM on commercial terms as per prevailing market price as applicable to bulk industrial consumers with firm commitment for off-take of materials from time to time. For the Financial Year 2018-2019, the value of goods sold are as follows:

- |                             |                    |
|-----------------------------|--------------------|
| i. Pidilite Industries Ltd. | - ₹ 4,55,02,82,232 |
| ii. Pidilite Lanka Pvt Ltd. | - ₹ 10,65,979      |

**e. Date(s) of approval by the Board, if any:**

Not Applicable

**f. Amount paid as advances, if any:**

Not Applicable

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Date : 13<sup>th</sup> May, 2019

**M.B. PAREKH**  
CHAIRMAN & MANAGING DIRECTOR

## ANNEXURE 3

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

- 1. A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programmes:**

The key focus areas of the Company's CSR Policy are to support various bodies in carrying CSR activities in the areas of rural development, education, health care, general semantics etc. The full CSR Policy is displayed on the Company's website [www.vinylchemicals.com](http://www.vinylchemicals.com).

- 2. The composition of CSR Committee:**

Shri N.K. Parekh is the Chairman of the CSR Committee. The other Members of the Committee are Shri M.B. Parekh, Shri R.M. Gandhi and Smt. Y.J. Mogrelia (w.e.f. 29.10.2018).

- 3. Average Net Profits of the Company for the last three financial years:**

₹ 1,157.40 lacs

- 4. Prescribed CSR expenditure for Financial Year 2018-2019:**

₹ 23.15 lacs

- 5. Details of CSR spent for the Financial Year:**

- (a) Total amount to be spent for the Financial year 2018-2019:**

₹ 23.15 lacs

- (b) Amount unspent, if any:**

Nil

- (c) Manner in which the amount was spent during the financial year:**

A contribution of ₹ 25 lacs was made to Trivenikalyan Foundation, a registered Public Charitable Trust carrying on activities in line with the CSR Policy of the Company in rural areas for over 3 decades.

The amount will be spent on rural development activities as outlined in the CSR Policy of the Company.

- 6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:**

Not Applicable

- 7. A responsibility statement of the CSR Committee:**

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**M.B. PAREKH**  
(CHAIRMAN & MANAGING DIRECTOR)

Place: Mumbai  
Date: 13<sup>th</sup> May, 2019

**N.K. PAREKH**  
(CHAIRMAN OF THE CSR COMMITTEE)



**REMUNERATION POLICY**

1. The Company while deciding the remuneration package of the Directors and senior management members takes into consideration the nature of responsibility of the position, employment scenario and remuneration package of the managerial talent of other comparable companies.
2. The fixed component of the remuneration package includes perquisites and allowances.

**3. Remuneration Policy for Managing Director/Executive Director(s) (if any):**

- a) The remuneration paid to the Managing Director/Executive Director(s) of the Company is approved by the Board of Directors on the recommendations of the Nomination & Remuneration Committee.
- b) Remuneration of the Managing Director consists of commission based on the net profits of the Company for each financial year. The commission amount is linked to the net profit of the Company for each financial year computed as per the Companies Act, 2013.
- c) Remuneration of Executive Directors: None at present. However, if appointed in future, the remuneration shall consist of a fixed component and/or commission based on the net profits of the Company for each financial year computed as per the Companies Act, 2013.

**4. Remuneration Policy for Non-Executive Directors:**

Non-Executive Directors on the Company’s Board of Directors add substantial value to the Company through their contribution to the Management of the Company. In addition they also play an appropriate control role. For best utilization of the expertise of the Non-Executive Directors, the Company has constituted certain Committees of the Board.

The following remuneration is payable to Non-Executive Directors:

S. No.	Particulars	Remuneration
1.	Commission	Based on the Company’s performance and at a rate not exceeding 1% p.a. of the net profits of the Company which shall be distributed uniformly among all the Non-Executive Directors of the Company
2.	Sitting Fees for attending Board Meetings and Committee Meetings	As approved by the Board of Directors from time to time within the overall limits as prescribed by the Companies Act, 2013

**5. Remuneration Policy for Senior Managers:**

- a) Annual increase in the fixed remuneration is based on defined criteria and subject to review by the HR Department & Managing Director and subject to the approval by the Nomination & Remuneration Committee, wherever required.
- b) One of the components of the remuneration package may be variable pay linked to defined performance parameters.
- c) Variable pay, if any, may be based on internally developed detailed performance related matrix which is verified by the Accounts and HR Departments.

## ANNEXURE 5

**SECRETARIAL AUDIT REPORT FOR THE  
FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vinyl Chemicals (India) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 upto 9<sup>th</sup> November, 2018 and thereafter from 10<sup>th</sup> November 2018, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 upto 10<sup>th</sup> September, 2018 and thereafter from 11<sup>th</sup> September 2018, the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**



- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)
- (vi) There are no specific laws applicable to the Company, as confirmed by the Company. I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards (SS.1 relating to meetings of Board of Directors & SS.2 relating to General Meetings) issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has following specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- Special Resolution passed by the Members for adoption of new set of Articles of Association of the Company.
- Special Resolution passed by the Members for continuation of appointment of Shri N. K. Parekh as Non-Executive Director as required under Regulation 17 (1A) of SEBI (LODR) Regulations, 2015.
- Special Resolution passed by the Members for continuation of appointment of Shri R. M. Gandhi as Non-Executive Independent Director as required under Regulation 17 (1A) of SEBI (LODR) Regulations, 2015.

**FOR M. M. SHETH & CO.  
(Company Secretaries)**

**M. M. SHETH  
(Prop.)**

FCS No. 1455, CP No. 729

Place: Mumbai  
Date: 13<sup>th</sup> May, 2019

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

**Annexure-A**

The Members,  
Vinyl Chemicals (India) Limited,

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR M. M. SHETH & CO.**  
**(Company Secretaries)**

**M. M. SHETH**  
**(Prop.)**  
FCS No. 1455, CP No. 729

Place: Mumbai  
Date: 13<sup>th</sup> May, 2019





## ANENEXURE 6

**I. DISCLOSURE U/S 197(12) AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014****1. Ratio of remuneration of each Director to the median remuneration of the employees of the company for the Financial Year ended 31<sup>st</sup> March, 2019:**

Sr. No.	Name of Director	Total Remuneration (₹ in lacs)	Ratio of Remuneration of Director to the Median Remuneration
1	Shri M.B. Parekh	74.00	6.33
2	Shri N.K. Parekh	3.21	0.27
3	Shri R.M. Gandhi	3.41	0.29
4	Smt. Y.J. Mogrelia	3.39	0.29
5	Shri A.D. Mavinkurve	3.45	0.30

**2. The Percentage increase in remuneration of each Director and Key Managerial Personnel in the Financial Year:**

Sr. No.	Name of Director/KMP	Remuneration (₹ in lacs)		Increase/(Decrease) (%)
		2018-2019	2017-2018	
1	Shri M.B. Parekh	74.00	75.00	(1.33)
2	Shri N.K. Parekh	3.21	3.64	(11.81)
3	Shri R.M. Gandhi	3.41	3.87	(11.89)
4	Smt. Y.J. Mogrelia	3.39	3.58	(5.31)
5	Shri A.D. Mavinkurve	3.45	3.31	4.23
6	Shri Mahendra Gayatonde (CFO)	27.13	23.97	13.18

**3. Percentage increase in the median remuneration of employees in the Financial Year: 2018-19:**

Particulars	Median Remuneration (₹ in lacs)		Increase (%)
	2018-2019	2017-2018	
Median remuneration of all employees (per annum)	11.68	10.99	6.28

**4. The number of permanent employees on the rolls of the company as on 31<sup>st</sup> March, 2019 were 15.****5. Comparison of average percentage increase in the salary of employees other than the Key Managerial Personnel (KMP) and the percentage increase in the KMP remuneration:**

Particulars	Amount (₹ in lacs)		Increase/(Decrease) (%)
	2018-2019	2017-2018	
Average salary of all employees (other than KMP)	17.66	15.77	11.98
KMP remuneration	101.13	98.97	2.18

**6. Affirmation:**

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the remuneration policy of the Company.

**II. DISCLOSURE UNDER RULES 5(2) & 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

There were no employees who were in receipt of remuneration at a rate not less than ₹ 102 lacs per annum or ₹ 8.50 lacs per month (if employed for part of the year).

## ANNEXURE 7

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND  
FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the Financial Year 2018–2019, 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

**B. Technology Absorption** - Not Applicable

**C. Foreign Exchange Earnings & Outgo:**

Total Foreign Exchange earned and used:

	( ₹ in Lacs)	
	Financial Year 2018-2019	Financial Year 2017-2018
1. Foreign Exchange earned	1,682.80	1,439.42
2. Foreign Exchange used	44,894.15	38,064.63



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### Industry Structure and Developments:

Large number of companies are active in trading of chemicals. About 10-12 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 has so far not deemed it appropriate to add other chemicals to its trading activity.

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

### Segment-wise Performance:

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

### Internal Control Systems and their Adequacy:

The Company has adequate internal control procedures commensurate with the 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 the employees. The total number of employees as on 31<sup>st</sup> March, 2019 were 15.

### Key Financial Ratios:

The key financial ratios are as under:

Sr No.	Ratio	As at 31.03.2019	As at 31.03.2018
1	Debtors Turnover Ratio	6.59	5.88
2	Inventory Turnover Ratio	7.66	9.92
3	Debt Equity Ratio	0.01	0.01
4	Current Ratio	1.70	1.48
5	Operating Profit Margin	5.20	6.18
5	Net Profit Margin	3.01	5.00
6	Return on Networth	15.47	22.59

The Return on Networth was lower mainly due to adverse movement of global VAM prices and fluctuation in foreign exchange rates.

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Vinyl Chemicals (India) Limited

### Report on the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **Vinyl Chemicals (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in the Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standard) Rules, 2015, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019 and its profit, total comprehensive income, its cash flows and changes in the equity for the year ended on that date.

#### Basis for Opinion

We have conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

#### Information Other than the Standalone Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises of the information included in the Management Discussion and Analysis Report, Directors' Report including Annexures to the Directors' Report, Corporate Governance Report and Information for Shareholders but does not include the Standalone Ind AS Financial Statements and Auditor's Report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance or conclusions thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in



accordance with the accounting principles generally accepted in India, including Ind AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibility for the Audit of Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

- As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of Section 143(11) of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, 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.
- (c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2019 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year are in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 31 to the Standalone Ind AS Financial Statements;
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund.

**For Khanna & Panchmia  
Chartered Accountants  
Firm Reg. No. 136041W**

**Place: Mumbai  
Date: 13<sup>th</sup> May, 2019**

**Devendra Khanna  
Partner  
Membership No. 038987**



**Annexure “A” to the Independent Auditors' Report  
(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the Management in accordance with the phased programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the Management, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, Clause 3 (iii) (a), (b) and (c) of the Order are not applicable and hence not commented upon.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investment or provided guarantee, which are covered by the provisions of Section 185 and 186 of the Companies Act, 2013. Hence, reporting under Clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public. Accordingly, Clause 3(v) of the Order is not applicable.
- (vi) The Cost records prescribed under Section 148(1) of the Act is not applicable to the Company and hence Clause 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, Goods and Services Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, Goods and Services Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us and the records of the Company examined by us, in our opinion, there were no dues which have not been deposited in respect of Income tax, Sales Tax, Service Tax, Goods and Services Tax, Customs Duty, Excise Duty and Value Added Tax on account of any dispute except as mentioned below:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Amount in ₹</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax	3,76,709	AY 2009-10 to 2011-12	Commissioner (Appeals)
Sales Tax Act	Sales Tax in Various States	6,48,48,341	2005-06 to 2007-08, 2009-10, 2010-11	Joint Commissioner (Appeals), Maharashtra Sales Tax Tribunal
Customs Act, 1962	Customs Duty	2,03,37,012	2012 to 2016	Customs, Central Excise and Service Tax Appellate Tribunal

- (viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Banks. The Company has not taken loans from any financial institutions or government nor issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3(ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers/employees has been noticed or reported during the year nor have we been informed about any such case by the Management.
- (xi) In our opinion and according to information and explanations given to us, the Company has paid/provided remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) As the Company is not Nidhi Company, the reporting under Clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Khanna & Panchmia  
Chartered Accountants  
Firm Reg. No. 136041W**

**Devendra Khanna  
Partner  
Membership No. 038987**

**Place: Mumbai  
Date: 13<sup>th</sup> May, 2019**





**Annexure “B” to the Independent Auditors' Report  
(Referred to in Paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Vinyl Chemicals (India) Limited** (“the Company”) as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial control system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such financial controls over financial reporting are operating effectively as at 31<sup>st</sup> March, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Khanna & Panchmia  
Chartered Accountants  
Firm Reg. No. 136041W**

**Devendra Khanna  
Partner  
Membership No. 038987**

**Place: Mumbai  
Date: 13<sup>th</sup> May, 2019**



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019**

	Notes		31st March, 2019	31st March, 2018
		₹	₹	₹
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
a) Property, Plant and Equipment	3	21,72,520		22,13,773
b) Deferred tax asset (Net)	17	–		4,20,656
c) Other non-current assets	4	63,45,494		49,76,404
Total Non-current assets			85,18,014	76,10,833
<b>2. Current assets</b>				
a) Inventories	5	66,29,54,296		55,34,95,999
b) Financial Assets				
i) Other investments	6	2,17,80,207		33,82,36,110
ii) Trade receivables	7	63,87,57,967		77,54,62,671
iii) Cash and cash equivalents	8	8,58,08,119		1,47,85,062
iv) Bank balances other than (iii) above	9	93,82,516		56,19,350
v) Loans	10	97,000		1,24,000
vi) Other financial assets	11	15,000		15,000
c) Other current assets	12	97,94,843		1,77,59,922
Total Current assets			1,42,85,89,948	1,70,54,98,114
<b>Total Assets</b>			<b>1,43,71,07,962</b>	<b>1,71,31,08,947</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
a) Equity Share Capital	13	1,83,43,984		1,83,43,984
b) Other Equity	14	57,19,59,075		53,65,70,942
Equity attributable to owners of the Company & Total Equity			59,03,03,059	55,49,14,926
<b>LIABILITIES</b>				
<b>2. Non-current liabilities</b>				
a) Financial Liabilities				
Borrowings	15	49,47,308		49,47,308
b) Provisions	16	8,78,522		5,26,897
c) Deferred tax liabilities (Net)	17	29,370		–
Total Non-current liabilities			58,55,200	54,74,205
<b>3. Current liabilities</b>				
a) Financial liabilities				
i) Trade payables	18	78,18,81,292		1,11,49,50,918
ii) Other financial liabilities	19	4,42,91,228		2,10,37,981
b) Other current liabilities	20	24,23,949		27,05,942
c) Provisions	21	5,84,234		3,91,975
d) Current tax liabilities (Net)	22	1,17,69,000		1,36,33,000
Total Current liabilities			84,09,49,703	1,15,27,19,816
<b>Total Equity and Liabilities</b>			<b>1,43,71,07,962</b>	<b>1,71,31,08,947</b>

Summary of significant accounting policies 2

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 Khanna & Panchmia**

Chartered Accountants  
Firm Reg. No. 136041W

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

**M.B. Parekh**  
Chairman & Managing Director

**Devendra Khanna**

Partner  
Mem.No. 38987

**M.S. Gayatonde**  
Chief Financial Officer

**N.K. Parekh**  
Director

Place : Mumbai  
Dated: 13<sup>th</sup> May, 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

	Notes	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
		₹	₹
<b>Income</b>			
Revenue from operations	23	4,82,76,45,195	3,75,18,60,516
Other income	24	3,58,94,199	3,95,71,829
<b>Total Income</b>		<b><u>4,86,35,39,394</u></b>	<b><u>3,79,14,32,345</u></b>
<b>Expenses</b>			
Purchase of traded goods	25	4,64,96,72,350	3,89,41,07,558
(Increase)/decrease in inventories of traded goods	26	<u>(10,94,58,297)</u>	<u>(37,63,54,791)</u>
Cost of traded goods sold		4,54,02,14,053	3,51,77,52,767
Employee benefit expenses	27	3,45,97,291	3,14,07,616
Finance costs	28	7,54,399	7,96,110
Depreciation and amortization	3	66,253	58,594
Other expenses	29	14,78,60,040	6,02,51,787
<b>Total Expenses</b>		<b><u>4,72,34,92,036</u></b>	<b><u>3,61,02,66,874</u></b>
<b>Profit before tax</b>		<b>14,00,47,358</b>	<b>18,11,65,471</b>
<b>Tax expense</b>			
Current tax	37	5,09,96,129	6,15,92,864
Deferred tax	37	<u>4,50,026</u>	<u>29,12,648</u>
Total tax expenses		5,14,46,155	6,45,05,512
<b>Profit for the year</b>		<b><u>8,86,01,203</u></b>	<b><u>11,66,59,959</u></b>
<b>Other Comprehensive Income</b>			
Less: Remeasurement of defined benefit plan (Gratuity)	30	1,57,809	(79,644)
<b>Total Comprehensive Income</b>		<b><u>8,84,43,394</u></b>	<b><u>11,67,39,603</u></b>
<b>Earnings per share</b>			
Basic		4.83	6.36
Diluted		4.83	6.36
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Khanna & Panchmia**

Chartered Accountants  
Firm Reg. No. 136041W

**Devendra Khanna**

Partner  
Mem.No. 38987

Place : Mumbai  
Dated: 13<sup>th</sup> May, 2019

For and on behalf of the Board

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

**M.S. Gayatonde**  
Chief Financial Officer

**M.B. Parekh**  
Chairman & Managing Director

**N.K. Parekh**  
Director



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

<b>a. Equity Share Capital:</b>	<b>Amount (₹)</b>
<b>Balance at 1<sup>st</sup> April, 2017</b>	<b>1,83,43,984</b>
Changes in equity share capital during the year	-
<b>Balance at 31<sup>st</sup> March, 2018</b>	<b>1,83,43,984</b>
Changes in equity share capital during the year	-
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>1,83,43,984</b>

**b. Other Equity:**

	<b>Reserves and Surplus</b>			<b>Total (₹)</b>
	<b>Capital Reserve (₹)</b>	<b>General Reserve (₹)</b>	<b>Surplus in Statement of Profit and Loss (₹)</b>	
<b>Balance at 1<sup>st</sup> April, 2017</b>	<b>54,46,752</b>	<b>11,23,40,204</b>	<b>34,17,70,606</b>	<b>45,95,57,562</b>
Profit for the year			11,66,59,959	11,66,59,959
Other comprehensive income for the year, net of income tax			79,644	79,644
Transfer to General Reserve		50,00,000	(50,00,000)	-
Payment of dividends & dividend tax			(3,97,26,223)	(3,97,26,223)
<b>Balance at 31<sup>st</sup> March, 2018</b>	<b>54,46,752</b>	<b>11,73,40,204</b>	<b>41,37,83,986</b>	<b>53,65,70,942</b>
Profit for the year			8,86,01,203	8,86,01,203
Other comprehensive income for the year, net of income tax			(1,57,809)	(1,57,809)
Transfer to General Reserve			-	-
Payment of dividends & dividend tax			(5,30,55,261)	(5,30,55,261)
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>54,46,752</b>	<b>11,73,40,204</b>	<b>44,91,72,119</b>	<b>57,19,59,075</b>

As per our report of even date  
**For Khanna & Panchmia**  
 Chartered Accountants  
 Firm Reg. No. 136041W

**Devendra Khanna**  
 Partner  
 Mem.No. 38987

Place : Mumbai  
 Dated: 13<sup>th</sup> May, 2019

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

**M.S. Gayatonde**  
 Chief Financial Officer

For and on behalf of the Board

**M.B. Parekh**  
 Chairman & Managing Director

**N.K. Parekh**  
 Director

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019</b>			
	<b>Notes</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
		<b>₹</b>	<b>₹</b>
<b>Cash flows from operating activities</b>			
<b>Profit/(loss) before tax</b>		<b>14,00,47,358</b>	<b>18,11,65,471</b>
<b>Adjustments for:</b>			
Interest income		(1,20,000)	(1,20,000)
Net (gain)/loss on sale of current investments		(3,08,17,745)	(2,35,91,958)
Net (gain)/loss on financial liabilities designated as at fair value through profit or loss		1,83,77,300	(63,67,382)
Net (gain)/loss on financial assets mandatorily measured at fair value through profit or loss		1,18,28,698	(84,43,999)
Finance costs		7,54,399	7,96,110
Remeasurement of defined benefit obligations through OCI		(1,57,808)	79,644
Depreciation & amortization of non-current assets		66,253	58,594
		<b>13,99,78,455</b>	<b>14,35,76,480</b>
<b>Movements in working capital:</b>			
Decrease/(increase) in fixed assets		(25,000)	(40,089)
Decrease/(increase) in inventories		(10,94,58,297)	(37,63,54,791)
Decrease/(increase) in trade & other receivables		13,67,04,704	(31,80,83,875)
(Increase)/decrease in other assets		28,59,823	(1,11,56,076)
Increase/(decrease) in trade payables		(33,30,69,626)	57,24,82,966
Increase/(decrease) in provisions		5,43,884	(68,19,256)
Increase/(decrease) in other liabilities		58,79,555	2,84,95,515
<b>Cash generated from Operations</b>		<b>(15,65,86,502)</b>	<b>3,21,00,874</b>
Interest and other finance expenses		(7,54,399)	(7,96,110)
Income taxes paid		(5,41,45,730)	(5,84,02,000)
<b>Net Cash from Operating Activities (A)</b>		<b>(21,14,86,631)</b>	<b>(2,70,97,236)</b>
<b>Cash flows from investing activities</b>			
Sale/(Purchase) of financial assets (Net)		33,54,44,949	7,92,74,712
Interest received		1,20,000	1,20,000
<b>Net cash flows from/(used in) investing activities (B)</b>		<b>33,55,64,949</b>	<b>7,93,94,712</b>
<b>Cash flows from financing activities</b>			
Dividend paid (including dividend tax, where applicable) on equity shares		(5,30,55,261)	(3,97,26,223)
<b>Net cash flows from/(used in) financing activities (C)</b>		<b>(5,30,55,261)</b>	<b>(3,97,26,223)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>7,10,23,057</b>	<b>1,25,71,253</b>
Cash and cash equivalents at the beginning of the year		1,47,85,062	22,13,809
<b>Cash and cash equivalents at the end of the year</b>		<b>8,58,08,119</b>	<b>1,47,85,062</b>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	Notes	31st March, 2019	31st March, 2018
		₹	₹
<b>Components of cash and cash equivalents</b>			
Cash on hand		19,392	30,401
Balances with banks - in current accounts		8,57,88,727	1,47,54,661
<b>Total cash and cash equivalents</b>		<b><u>8,58,08,119</u></b>	<b><u>1,47,85,062</u></b>

Summary of significant accounting policies 2

As per our report of even date

**For Khanna & Panchmia**

Chartered Accountants

Firm Reg. No. 136041W

**Devendra Khanna**

Partner

Mem.No. 38987

Place : Mumbai

Dated: 13<sup>th</sup> May, 2019

For and on behalf of the Board

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

**M.S. Gayatonde**  
Chief Financial Officer

**M.B. Parekh**  
Chairman & Managing Director

**N.K. Parekh**  
Director

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019****Note 1****Corporate Information**

The Company was incorporated in 1986 and is dealing in chemicals, mainly Vinyl Acetate Monomer (VAM) . The equity shares of the Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

The address of its registered office is Regent Chambers,7th Floor, Jamnalal Bajaj Marg, 208 Nariman Point, Mumbai 400021. The address of principal place of business is Ramkrishna Mandir Road, Off Mathuradas VasANJI Road, Andheri (E), Mumbai 400059.

**Note 2****Significant Accounting Policies****2.1 Basis of accounting & preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on the historical cost basis except for certain Financial Assets/ Liabilities (including derivative instruments) which have been measured at fair values.

**2.2 Property, plant and equipment acquired separately & depreciation**

Freehold land is stated at cost and not depreciated.

Plant and Equipments and furniture are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over their useful lives, using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Impairment of tangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

**2.3 Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on FIFO basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and estimated costs necessary to make the sale.

Obsolete, defective and slow/non-moving stocks are duly provided for.





#### **2.4 Provisions (other than employee benefits)**

A provision is recognised when as a result of past event, the Company has a present legal or constructive obligation which can be reliably estimated and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions (excluding retirement benefits) are determined based on the best estimate required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but disclosed in the Notes to the Financial Statements.

Contingent assets are not recognised but disclosed in the Notes to the Financial Statements, where an inflow of economic benefits is probable.

#### **2.5 Financial instruments**

##### **2.5.1 Initial recognition & measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, financial assets and financial liabilities are initially measured at fair value, except for trade receivables and payables which are measured at their transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

##### **2.5.2 Subsequent measurement of financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Interest income is recognised in profit or loss and is included in the "Other income" line item.

##### **2.5.3 Impairment of financial assets**

For Trade receivables, the Company measures loss allowance at an amount equal to lifetime expected credit losses. The Company computes expected credit loss allowance based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

##### **2.5.4 Financial Liabilities**

All financial liabilities (other than derivative financial instruments) are classified as subsequently measured at amortised cost using effective interest method where applicable. Interest expense is included in the "Finance costs" line item.

##### **2.5.5 Derecognition of financial assets and liabilities**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive the cash flows of the financial asset in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

The Company derecognises a financial liability (or a part of financial liability) when the contractual obligation is discharged, cancelled or expires.

##### **2.5.6 Derivative financial instruments**

The Company holds derivative financial instruments such as currency options or foreign exchange forward contracts to hedge its exposure to foreign currency exchange rate risks.

Derivatives are initially recognised at fair value at the date the contracts are entered into. Subsequent to initial recognition, these contracts are measured at fair value and changes are recognised in profit or loss.

## 2.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank & cash in hand, as reduced by bank overdrafts (if any).

## 2.7 Employee benefits

Employee benefits include Provident Fund, Superannuation Fund, Employee State Insurance Scheme, Gratuity Fund, Compensated Absences, Anniversary Awards, Premature Death Pension Scheme and Total Disability Pension Scheme.

### 2.7.1 Defined contribution plans

The Company's contribution to Provident Fund, Superannuation Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### 2.7.2 Defined benefit plans

For Defined Benefit Plans in the form of Gratuity Fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest) is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised immediately for both vested and the non-vested portion. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited taking into account the present value of available refunds and reductions in future contributions to the schemes.

### 2.7.3 Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## 2.8 Taxation

- i. **Current tax:** The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period and the provisions of the Income Tax Act, 1961 and other tax laws, as applicable.
- ii. **Deferred tax:** Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

- iii. **Current & Deferred tax for the year:** Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.9 Revenue Recognition

The Company earns revenue primarily from the business of trading in chemicals. Effective 1st April, 2018, the Company has adopted Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 (Revenue) & Ind AS 11 (Construction Contracts). The impact of adoption of the standard on the financial statements is insignificant.

Revenue is recognised at a point in time when the performance obligation is satisfied & control of promised goods is transferred to customers, for an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue is based on the transaction price which is the consideration taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government, except otherwise mentioned. Thus, it excludes Sales Tax/ VAT/ Goods and Services Tax (GST). It is measured at transaction price, net of returns, rebates and discounts.

Claims which are not of material nature/insurance claims etc. are accounted for when no significant uncertainties are attached to their eventual receipt. Negotiated price reduction obtained from supplier is accounted for as a part of 'Other operating revenue'.

## 2.10 Foreign currency

At the end of each reporting period, monetary items (including financial assets and liabilities) denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains or losses arising from these translations are recognised in the Statement of Profit and Loss.

## 2.11 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.

## 2.12 Critical accounting judgements and key sources of estimation of uncertainty

The preparation of the Company's financial statements requires Management i.e. the Directors of the Company, to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets, liabilities, income and expenses and accompanying disclosures and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.





	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹		
<b>Note 4</b>				
<b>Other Non-current assets</b>				
<b>Loans - Non Current</b>				
Unsecured, considered good				
Loans and Advances to Employees & Others*	10,05,000	10,05,000		
* Loans given for business purpose	<u>10,05,000</u>	<u>10,05,000</u>		
<b>Non-financial Assets - Others - Non-current</b>				
Advance Payment of Taxes (Net of Provisions ₹ 1,22,68,504) (Net of Provisions ₹ 30,99,61,800 as at 31 <sup>st</sup> March, 2018))	15,12,359	1,43,269		
VAT Refund	38,28,135	38,28,135		
	<u>53,40,494</u>	<u>39,71,404</u>		
<b>Total other Non-current assets</b>	<u>63,45,494</u>	<u>49,76,404</u>		
<b>Note 5</b>				
<b>Inventories (At lower of cost and net realizable value)</b>				
Stock in Trade (acquired for trading)	66,29,54,296	55,34,95,999		
	<u>66,29,54,296</u>	<u>55,34,95,999</u>		
Goods in transit included in the above stock	17,47,92,278	7,01,83,141		
<b>Note 6</b>				
<b>Financial Assets - Investments - Current</b>				
	As at 31 <sup>st</sup> March, 2019 Qty.	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 Qty.	As at 31 <sup>st</sup> March, 2018 ₹
<b>Investments in Mutual Funds</b>				
<b>Quoted</b>				
<b>Other investments</b>				
Birla Sunlife Fund-Growth	—	—	3,51,934	12,10,38,701
Birla Sunlife Mutual Fund-Enhanced Arbitrage Fund	—	—	17,19,952	3,15,93,285
ICICI Prudential-Money Market Fund	83,718	2,17,80,207	7,08,397	17,03,43,987
ICICI Prudential-Equity Arbitrage Fund	—	—	6,44,617	1,52,60,137
<b>Total</b>	<u>83,718</u>	<u>2,17,80,207</u>	<u>34,24,900</u>	<u>33,82,36,110</u>
<b>Note 7</b>				
<b>Financial Assets - Trade Receivables - Current</b>				
		As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹	
– Unsecured, considered good		63,87,57,967	77,54,62,671	
– Considered doubtful		—	33,05,793	
		<u>63,87,57,967</u>	<u>77,87,68,464</u>	
Less: Provision for doubtful receivables		—	33,05,793	
		<u>63,87,57,967</u>	<u>77,54,62,671</u>	
The average credit period on sales of goods is 45 days. Before accepting any new customer, the Company uses market information and checks financial position to assess the potential customer's credit quality. The Company has a policy of writing off bad debts on case to case basis since there are no major cases of defaults in the last five years.				

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Note 8</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	19,392	30,401
<b>Balance with banks</b>		
In Current Accounts	8,57,88,727	1,47,54,661
	<u>8,58,08,119</u>	<u>1,47,85,062</u>
<b>Note 9</b>		
<b>Bank Balances other than Cash and Cash Equivalents</b>		
<b>Other Bank Balances</b>		
<b>Earmarked Accounts</b>		
In unpaid dividend accounts	93,82,516	56,19,350
	<u>93,82,516</u>	<u>56,19,350</u>
<b>Note 10</b>		
<b>Other current assets</b>		
<b>Loans - Current</b>		
Unsecured, considered good		
Loans and Advances to Employees & Others*	97,000	1,24,000
*Loans given for business purpose	<u>97,000</u>	<u>1,24,000</u>
<b>Note 11</b>		
<b>Other current assets</b>		
<b>Financial Assets - Others - Current</b>		
<b>Security deposit</b>		
Unsecured, considered good	15,000	15,000
	<u>15,000</u>	<u>15,000</u>
<b>Note 12</b>		
<b>Other current assets</b>		
<b>Non financial Assets - Others - Current</b>		
Prepaid Expenses	12,61,450	3,27,849
Others	85,33,393	1,74,32,073
	<u>97,94,843</u>	<u>1,77,59,922</u>
<b>Total other current assets</b>	<u>99,06,843</u>	<u>1,78,98,922</u>



	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹		
<b>Note 13</b>				
<b>Share Capital</b>				
<b>Authorised Capital</b>				
3,49,66,001 Equity Shares of ₹ 1 each	3,49,66,001	3,49,66,001		
(3,49,66,001 Equity Shares of ₹ 1 each as at 31 <sup>st</sup> March, 2018)	<u>3,49,66,001</u>	<u>3,49,66,001</u>		
<b>Issued Capital</b>				
1,83,43,984 Equity Shares of ₹ 1 each, fully paid-up	1,83,43,984	1,83,43,984		
(1,83,43,984 Equity Shares of ₹ 1 each as at 31 <sup>st</sup> March, 2018)	<u>1,83,43,984</u>	<u>1,83,43,984</u>		
<b>Subscribed and Paid up Capital</b>				
1,83,37,111 Equity Shares of ₹ 1 each, fully paid-up	1,83,37,111	1,83,37,111		
(1,83,37,111 Equity Shares of ₹ 1 each as at 31 <sup>st</sup> March, 2018)				
Add: Amount received on 6,873 forfeited equity shares	6,873	6,873		
(6,873 forfeited equity shares as at 31 <sup>st</sup> March, 2018)	<u>1,83,43,984</u>	<u>1,83,43,984</u>		
<b>Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>				
	<b>No. of Shares</b>	<b>Amount ₹</b>		
Balance at 31 <sup>st</sup> March, 2019 and 31 <sup>st</sup> March, 2018	1,83,37,111	1,83,43,984		
<b>Terms/Rights attached to equity shares</b>				
The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.				
In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.				
During the year ended 31 <sup>st</sup> March, 2018, the Company paid the Final Dividend of ₹ 1.80 per equity share of ₹ 1 each for the Financial Year 2016-2017.				
During the year ended 31 <sup>st</sup> March, 2019, the Company had paid Final Dividend of ₹ 2.40 per equity share of ₹ 1 each for the Financial Year 2017-2018.				
On 13 <sup>th</sup> May, 2019, the Board of Directors of the Company have proposed a dividend of ₹ 2.40 per equity share in respect of the year ended 31 <sup>st</sup> March, 2019 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 5,30,57,330 inclusive of dividend distribution tax of ₹ 90,48,264.				
<b>Details of shareholders holding more than 5% shares in the Company:</b>				
Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pidilite Industries Ltd.	74,51,540	40.64%	74,51,540	40.64%

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Note 14</b>		
<b>Other Equity</b>		
Capital Reserve	54,46,752	54,46,752
General Reserve	11,73,40,204	11,73,40,204
Surplus in Statement of Profit and Loss	44,91,72,119	41,37,83,986
	<u>57,19,59,075</u>	<u>53,65,70,942</u>
<b>Capital Reserve</b>		
Balance as per last financial statements	54,46,752	54,46,752
	<u>54,46,752</u>	<u>54,46,752</u>
<b>General Reserve</b>		
Balance as per last financial statements	11,73,40,204	11,23,40,204
Add: Transferred from Statement of Profit and Loss	–	50,00,000
<b>Closing Balance</b>	<u>11,73,40,204</u>	<u>11,73,40,204</u>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	41,37,83,986	34,17,70,606
Add: Profit for the year	8,86,01,203	11,66,59,959
Less: Final Equity Dividend of 2016-17 paid in 2017-18 and of 2017-18 paid in 2018-19	(4,40,09,067)	(3,30,06,800)
Tax on equity dividend	(90,46,194)	(67,19,423)
Add/(Less): Other comprehensive income	(1,57,809)	79,644
Add/(Less): Transfer to General Reserve	–	(50,00,000)
<b>Closing Balance</b>	<u>44,91,72,119</u>	<u>41,37,83,986</u>
<b>Note 15</b>		
<b>Financial Liabilities - Borrowings -Non-current</b>		
Deferred sales tax loan (unsecured)	49,47,308	49,47,308
	<u>49,47,308</u>	<u>49,47,308</u>
<b>Note 16</b>		
<b>Provisions - Non Current</b>		
Provision for leave benefits (long term)	6,42,026	5,26,897
Provision for gratuity (long term)	2,36,496	–
	<u>8,78,522</u>	<u>5,26,897</u>
<b>Note 17</b>		
<b>Deferred Tax (Liabilities)/Assets (Net)</b>		
Tax effect of items constituting Deferred Tax Liabilities	(72,984)	(41,32,077)
Tax effect of items constituting Deferred Tax Assets	43,614	45,52,733
	<u>(29,370)</u>	<u>4,20,656</u>





	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Note 18</b>		
<b>Financial Liabilities - Trade Payables - Current</b>		
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises	78,18,81,292	1,11,49,50,918
	<u>78,18,81,292</u>	<u>1,11,49,50,918</u>
<b>Note 19</b>		
<b>Financial Liabilities - Others - Current</b>		
Unpaid Dividend	93,82,517	62,32,518
Accrued liabilities for expenses	1,30,69,129	1,13,43,181
Derivative Liability	2,18,39,582	34,62,282
	<u>4,42,91,228</u>	<u>2,10,37,981</u>
<b>Note 20</b>		
<b>Non Financial Liabilities - Others - Current</b>		
Statutory remittances	13,23,889	5,66,202
Employee related liabilities	2,68,923	3,03,811
Advances from customers	8,31,137	5,02,048
Others	—	13,33,881
	<u>24,23,949</u>	<u>27,05,942</u>
<b>Note 21</b>		
<b>Provisions-Current</b>		
Provision for gratuity (short term)	5,28,735	3,46,173
Provision for leave benefits (short term)	55,499	45,802
	<u>5,84,234</u>	<u>3,91,975</u>
<b>Note 22</b>		
<b>Current Tax Liabilities</b>		
Provision for Tax (Net of Advance Tax ₹ 10,20,66,000 ) (Net of Advance Tax ₹ 4,80,02,000 as at 31 <sup>st</sup> March, 2018)	1,17,69,000	1,36,33,000
	<u>1,17,69,000</u>	<u>1,36,33,000</u>
<b>Note 23</b>		
<b>Revenue from operations</b>		
<b>Sale of products (traded goods)</b>		
Vinyl Acetate Monomer	4,66,04,31,247	3,62,31,36,990
<b>Other operating revenue</b>		
Discount received	16,66,90,634	12,86,47,214
Insurance claims received	5,23,314	76,312
	<u>4,82,76,45,195</u>	<u>3,75,18,60,516</u>

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Note 24</b>		
<b>Other income</b>		
Interest income on Deposit	1,20,000	1,20,000
Net gain arising on financial assets/liabilities designated as at FVTPL (Fair Value Through Profit or Loss)	–	1,48,11,381
Net gain on sale of current investments	3,08,17,745	2,35,91,958
<b>Miscellaneous income</b>		
Miscellaneous receipts	49,56,454	10,48,490
	<u>3,58,94,199</u>	<u>3,95,71,829</u>
<b>Note 25</b>		
<b>Purchase of traded goods</b>		
Vinyl Acetate Monomer	4,64,96,72,350	3,89,41,07,558
	<u>4,64,96,72,350</u>	<u>3,89,41,07,558</u>
<b>Note 26</b>		
<b>(Increase)/Decrease in inventories of traded goods</b>		
Inventories at the beginning of the year	55,34,95,999	17,71,41,208
Less: Inventories at the end of the year	66,29,54,296	55,34,95,999
	<u>(10,94,58,297)</u>	<u>(37,63,54,791)</u>
<b>Note 27</b>		
<b>Employee benefit expenses</b>		
Salary, wages, allowances, bonus etc.	3,34,12,120	3,00,00,212
Contribution to provident and other funds	10,77,760	11,24,428
Staff welfare expenses	1,07,411	2,82,976
	<u>3,45,97,291</u>	<u>3,14,07,616</u>
<b>Note 28</b>		
<b>Finance costs</b>		
Interest expense	29,239	1,97,721
Bank charges	7,25,160	5,98,389
	<u>7,54,399</u>	<u>7,96,110</u>



	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Note 29</b>		
<b>Other expenses</b>		
Insurance	19,10,535	11,46,620
Rent	52,800	52,800
Rates & Taxes	–	7,100
Repairs to others	40,382	96,154
Printing and stationery	30,690	37,775
Postage and telephone	1,66,760	1,38,289
Travelling and conveyance	6,63,613	6,15,269
Motor car expenses	8,39,370	7,64,593
Directors' sitting fees	4,45,500	4,39,500
Commission to non-executive directors	9,00,000	10,00,000
Payments to auditor (refer details below)	5,45,000	4,56,400
Exchange loss on foreign currency transactions and translation (net)	10,23,91,929	4,25,41,968
Net loss arising on financial assets/liabilities designated as at FVTPL	3,02,05,998	–
Contribution towards C.S.R.	25,00,000	25,00,000
Miscellaneous expenses	71,67,463	1,04,55,319
	<b>14,78,60,040</b>	<b>6,02,51,787</b>
<b>Payments to auditor</b>		
<b>As auditor</b>		
Audit fee	2,50,000	2,50,000
Tax audit fee	50,000	42,500
VAT audit fee	25,000	50,000
<b>In other capacity</b>		
For other services (certification fees)	2,20,000	1,13,900
	<b>5,45,000</b>	<b>4,56,400</b>
<b>Note 30</b>		
<b>Other Comprehensive Income</b>		
Actuarial (gains)/losses	2,41,297	(1,21,780)
Less: Tax effect on Other Comprehensive Income	83,488	(42,136)
	<b>1,57,809</b>	<b>(79,644)</b>
<b>Note 31</b>		
<b>Contingent liabilities not provided for</b>		
Claims against the Company not acknowledged as debts comprise of :		
i) Income Tax demands against the Company not provided for & relating to issues of deductions in respect of which the Company is in appeal	3,76,709	4,58,439
ii) Sales Tax claims disputed by the Company relating to issue of declaration forms, set-off & classification of sales	6,48,48,341	6,92,83,362
iii) Customs Duty claim disputed by the Company related to Valuation	2,03,37,012	–

**Note 32****Details of dues to micro and small enterprises**

The Company did not have 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.

**Note 33****Related party disclosures**

## i. Names of related parties and relationship:

- a. Pidilite Industries Limited - Promoter Company  
(holds 40.64% of equity shares of the Company)
- b. Pidilite Lanka (Private) Limited - Subsidiary of Promoter Company

## ii. Key Managerial Personnel - Shri M.B. Parekh, Chairman and Managing Director

Shri P.C. Patel, President & Company Secretary

Shri M.S. Gayatonde, Chief Financial Officer

## iii. Other Directors - Sarva Shri N.K. Parekh, R.M. Gandhi, A.D. Mavinkurve &amp; Smt.Y.J. Mogrelia

## iv. Transactions with related parties are as follows:

	<b>As at 31<sup>st</sup> March, 2019 ₹</b>	<b>As at 31<sup>st</sup> March, 2018 ₹</b>
a. Sales and related income (excluding tax)		
i) Pidilite Industries Limited	4,55,02,82,232	3,64,71,10,493
ii) Pidilite Speciality Chemicals Bangladesh Private Limited	-	1,05,62,964
iii) Pidilite Industries Egypt (SAE)	-	46,55,499
iv) Pidilite Lanka (Private) Limited	10,65,976	-
b. Sitting fees to Directors	4,45,500	4,39,500
c. Commission to Directors	9,00,000	10,00,000
d. Commission to Managing Director	74,00,000	75,00,000
e. Payment to Chief Financial Officer	27,12,817	23,90,580
f. Outstanding balance :		
Debtors		
a. Pidilite Industries Limited	56,71,41,005	60,86,58,368
b. Pidilite Lanka (Private) Limited	10,65,976	-

Except 33(iv)(b),(c),(d) & (e), the rest of the above transactions are with the respective companies.

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

**Note 34****Earnings per share (EPS)**

Computation for both basic and diluted earnings per share of ₹ 1 each (previous year ₹ 1 each):

a. Profit as per statement of profit & loss available for equity shareholders	8,86,01,203	11,66,59,959
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	4.83	6.36



**Note 35**

**Segment information**

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

**Note 36**

**Gratuity**

The Company has classified various employee benefits as under :

**A) Defined Contribution Plans**

- (a) Provident Fund
- (b) Superannuation Fund

The Provident Fund is operated by the Regional Provident Fund Commissioner and the Superannuation Fund is administered by the Life Insurance Corporation of India as applicable for all eligible employees. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognised by the Income Tax Authorities.

**The Company has recognised the following amounts in the Statement of Profit and Loss :**

	<b>31st March, 2019</b>	<b>31st March, 2018</b>
	₹	₹
(i) Contribution to Provident Fund	5,04,025	4,43,482
(ii) Contribution to Employees' Superannuation Fund	1,02,852	91,836
(iii) Contribution to Employees' Pension Scheme 1995	1,91,218	1,86,330
(iv) Contribution to National Pension Scheme	91,764	61,224
	<u><b>8,89,859</b></u>	<u><b>7,82,872</b></u>

**B) Defined Benefit Plans**

- (a) Gratuity
- (b) Compensated Absences

Valuations in respect of above have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

	<b>Valuations as at</b>	
	<b>31st March, 2019</b>	<b>31st March, 2018</b>
(i) Discount Rate (per annum)	7.47%	7.56%
(ii) Rate of increase in Compensation levels (per annum)	6.50%	6.50%
(iii) Expected Rate of Return on Assets	7.47%	7.56%
(iv) Attrition Rate	2.00%	2.00%
(v) Retirement Age	60 years	60 years
(vi) The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.		
(vii) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.		
(viii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.		

	31st March 2019 Gratuity Funded (₹)	31st March 2018 Gratuity Funded (₹)
<b>Changes in Present value of Obligation</b>		
(a) Opening Present value of Obligation	37,53,647	33,19,717
(b) Interest Cost	2,83,776	2,36,364
(c) Service Cost	1,61,730	3,30,823
(d) Benefits Paid	-	-
(e) Actuarial (Gain)/Loss	2,34,050	(1,33,257)
(f) Closing Present value of Obligation	44,33,203	37,53,647
<b>Changes in Fair value of Plan Assets</b>		
(a) Opening Fair value of Plan Assets	34,07,474	31,82,201
(b) Expected Return on Plan Assets	(7,247)	(11,477)
(c) Actuarial Gain/(Loss)	-	-
(d) Employer's Contributions	10,140	10,177
(e) Interest income	2,57,605	2,26,573
(f) Benefits Paid	-	-
(g) Closing Fair value of Assets	36,67,972	34,07,474
<b>Actual Return on Plan Assets</b>		
(a) Expected Return on Plan Assets	(7,247)	(11,477)
(b) Actuarial Gains/(Losses) on Plan Assets	-	-
(c) Actual Return on Plan Assets	(7,247)	(11,477)
Administered by Life Insurance Corporation of India	36,67,972	34,07,474
<b>Reconciliation of the Present Value of Defined Present Obligations and Fair Value of Assets</b>		
(a) Closing Present value of Funded Obligation	44,33,203	37,53,647
(b) Closing Fair value of plan Assets	36,67,972	34,07,474
<b>(c) Funded Asset / (Liability) recognised in the Balance Sheet (b - a)</b>	<b>(7,65,231)</b>	<b>(3,46,173)</b>
<b>Amounts recognized in the Balance Sheet</b>		
(a) Closing Present value of Obligation	(44,33,203)	(37,53,647)
(b) Closing Fair value of Plan Assets	36,67,972	34,07,474
<b>(c) Asset / (Liability) recognized in the Balance Sheet (a + b)</b>	<b>(7,65,231)</b>	<b>(3,46,173)</b>
<b>Expenses recognized in the Statement of Profit and Loss and OCI</b>		
(a) Service Cost	1,61,730	3,30,823
(b) Interest Cost	26,171	9,791
(c) Total Expenses recognized in the Statement of Profit and Loss	<u>1,87,901</u>	<u>3,40,614</u>
(d) Expected Return on Plan Assets	7,247	11,477
(e) Net Actuarial (Gain) / Loss recognised in OCI	2,34,050	(1,33,257)
<b>(f) Total Expenses recognized in Comprehensive Income</b>	<b><u>2,41,297</u></b>	<b><u>(1,21,780)</u></b>
<b>(g) Total Expenses recognized in Profit &amp; Loss &amp; OCI (c + f)</b>	<b><u>4,29,198</u></b>	<b><u>2,18,834</u></b>



	31st March, 2019 (₹)	31st March, 2018 (₹)
<b>Sensitivity Analysis</b>		
Defined Benefit Obligation		
<b>Discount Rate</b>		
Discount Rate - 1%	2,61,763	2,54,305
Discount Rate + 1%	(2,37,418)	(2,30,282)
<b>Salary Increase Rate</b>		
Rate - 1%	(1,60,821)	(1,58,277)
Rate + 1%	1,73,477	1,68,279

Actuarial gains and losses in respect of defined benefit plans are recognised in the financial statements through Other Comprehensive Income.

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility**

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

**Changes in bond yields**

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

**Life expectancy**

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

Note 37	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Current Tax &amp; Deferred taxation</b>		
<b>Current Tax</b>		
Current Tax for current year	5,22,83,489	6,15,92,864
Current Tax for earlier years-write off/(write back)	(12,87,360)	—
	<u>5,09,96,129</u>	<u>6,15,92,864</u>
<b>Deferred tax (liability)/asset</b>		
Balance as per last financial statement	4,20,656	33,33,304
Due to depreciation on fixed assets	10,730	8,976
Due to provision for doubtful debts	(11,43,804)	—
Provision for leave encashment	43,614	—
Due to Ind AS adjustments	6,39,434	(29,21,624)
Net (debit)/credit to Profit & Loss	<u>(4,50,026)</u>	<u>(29,12,648)</u>
<b>Closing balance</b>	<u>(29,370)</u>	<u>4,20,656</u>

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

<b>Note 38</b>		<b>As at</b>	<b>As at</b>
<b>Details of Option/Forward Contracts and Unhedged foreign currency exposure</b>		<b>31<sup>st</sup> March, 2019</b>	<b>31<sup>st</sup> March, 2018</b>
		₹	₹
a. Details of option/forward contracts outstanding as at the balance sheet date			
	<b>Particulars</b>	<b>Purpose</b>	
	US\$ 1,18,62,074.63 (previous year	Import of trading	82,06,18,323
	US\$ 1,77,02,777.00)	goods	1,15,38,67,005
b. Details of unhedged foreign currency exposure as at the balance sheet date			
	<b>Particulars</b>	<b>Purpose</b>	
	US\$ 8,55,135.00(previous year	Import trade payables	5,89,44,456
	US\$ 10,76,758.83)		7,01,83,141
<b>Note 39</b>			
<b>Expenditure in foreign currency</b>			
	C.I.F. value of traded goods		4,48,94,14,930
			3,80,64,63,077
<b>Note 40</b>			
<b>Earnings in foreign exchange</b>			
	Export of goods on FOB basis	10,65,976	1,52,18,463
	Insurance claims received	5,23,314	76,312
	Rebate/Price adjustment received	16,66,90,634	12,86,47,214
		<b>16,82,79,924</b>	<b>14,39,41,989</b>
<b>Note 41</b>			
<b>Financial Instruments</b>			
i. <b>Capital Management</b>			
	The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimum utilisation of the equity balance.		
	The capital structure of the Company consists of only equity of the Company. The Company is not subject to any externally imposed capital requirements.		
ii. <b>Categories of financial instruments</b>			
		<b>As at</b>	<b>As at</b>
		<b>31<sup>st</sup> March, 2019</b>	<b>31<sup>st</sup> March, 2018</b>
		₹	₹
<b>Financial assets</b>			
	Measured at fair value through profit or loss (FVTPL)		
	Investments in Mutual Funds	2,17,80,207	33,82,36,110
	Measured at amortised cost		
	(i) Trade Receivables	63,87,57,967	77,54,62,671
	(ii) Cash and cash equivalents	8,58,08,119	1,47,85,062
	(iii) Bank balances other than (ii) above	93,82,516	56,19,350
	(iv) Security deposits *	15,000	15,000
		<b>75,57,43,809</b>	<b>1,13,41,18,193</b>
	* Included in other current assets		





	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Financial liabilities</b>		
Measured at fair value through profit or loss (FVTPL)		
Foreign exchange option/forward contracts	2,18,39,582	34,62,282
Measured at amortised cost		
i) Borrowings	49,47,308	49,47,308
ii) Trade payables	78,18,81,292	1,11,49,50,918
iii) Other financial liabilities	2,24,51,646	3,36,64,084
	<b>83,11,19,828</b>	<b>1,15,70,24,592</b>

iii. **Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

iv. **Market risk**

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see note below). The Company enters into vanilla currency options or forward foreign exchange contracts to manage its exposure to foreign currency risk of imports.

v. **Foreign currency sensitivity analysis**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Forward contract / option value in Foreign Currency		Value (₹)	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Amounts payable in foreign currency on account of the following:				
USD	1,18,62,075	1,58,82,261	82,06,18,323	1,15,38,67,005
Average Exchange rate USD-Buy (₹ per USD)			69.99	64.50

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 2% increase and decrease in the INR against the relevant foreign currency. 2% is the sensitivity rate used when reporting foreign currency risk internally to Key Management Personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

A negative number below indicates a decrease in profit or equity where the INR weakens 2% against USD. For a 2% strengthening of the INR against USD, there would be a comparable impact on the profit or equity and the balances below would be positive.

Particulars	USD impact	
	2018-19	2017-18
Impact on profit or loss for the year	(1,64,12,367)	(2,07,04,115)

This is mainly attributable to the exposure outstanding on USD payables towards imports.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The line-items in the balance sheet that include the above hedging instruments are "Other financial liabilities".

The aggregate amount of MTM loss/gain under options/forward foreign exchange contracts recognised in profit or loss for the year, is Loss of ₹ 1,83,77,300 (Gain of ₹ 63,67,382 in F.Y. 2017-18).

#### vi Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Trade receivables consist of customers spread across diverse industries and geographical areas.

Apart from Pidilite Industries Ltd., the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid plus funds and derivative financial instruments is limited because the counterparties are fund houses and banks with high credit ratings assigned by international credit rating agencies.

#### vii Liquidity risk management

As the Company is engaged in trading of chemicals, it enjoys a higher credit period from its suppliers as compared to the credit period extended to its customers. Consequently, the Company's liquidity position is normally strong thereby substantially reducing the requirement of obtaining external finances.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Note below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financing facilities	As at	As at
	31 <sup>st</sup> March, 2019 ₹	31 <sup>st</sup> March, 2018 ₹
Secured Bank Overdraft/WCDL facility/Term Loan		
- amount used	-	-
- amount unused	9,00,00,000	9,00,00,000
	<b>9,00,00,000</b>	<b>9,00,00,000</b>

#### viii Fair value measurements

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period.



This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Sr. No.	Financial assets/Financial liabilities	Fair value (₹) as at		Fair value hierarchy	Valuation technique(s) and key input(s)
		31/03/2019	31/03/2018		
1	Foreign currency option/ forward contracts	2,18,39,582 (Liability)	34,62,282 (Liability)	Level 2	Mark to market values acquired from banks, with whom the Company contracts.
2	Investment in Mutual Funds	2,17,80,207	33,82,36,110	Level 1	Quoted bid prices in active market

**Note 42**

**Taxes**

**i. Deferred Tax**

**2018-2019**

Deferred tax assets/(liabilities) in relation to:

Particulars	Opening Balance (₹)	Recognised in Profit or Loss (₹)	Closing Balance (₹)
Foreign exchange derivatives	34,08,929	(34,08,929)	–
Investments (FVTPL)	(40,81,586)	40,48,363	(33,223)
Provision for doubtful debts	11,43,804	(11,43,804)	–
Provision for leave encashment	–	43,614	43,614
Property, plant and equipment	(50,491)	10,730	(39,761)
	<b>4,20,656</b>	<b>(4,50,026)</b>	<b>(29,370)</b>

**2017-2018**

Deferred tax assets/(liabilities) in relation to:

Particulars	Opening Balance (₹)	Recognised in Profit or Loss (₹)	Closing Balance (₹)
Foreign exchange derivatives	34,08,929	–	34,08,929
Current investments	(11,59,962)	(29,21,624)	(40,81,586)
Provision for doubtful debts	11,43,804	–	11,43,804
Property, plant and equipment	(59,467)	8,976	(50,491)
	<b>33,33,304</b>	<b>(29,12,648)</b>	<b>4,20,656</b>

## ii. Income taxes relating to continuing operations

Particulars	Year ended as at March 31, 2019 (₹)	Year ended as at March 31, 2018 (₹)
<b>Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
In respect of the current year	5,22,83,489	6,15,92,864
Prior years' tax provision written back	(12,87,360)	-
<b>Deferred tax</b>		
In respect of the current year	4,50,026	29,12,648
<b>Total income tax expense recognised in the current year relating to continuing operations</b>	<b>5,14,46,155</b>	<b>6,45,05,512</b>

## iii. The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended as at March 31, 2019 (₹)	Year ended as at March 31, 2018 (₹)
<b>Profit before tax from continuing operations</b>	<b>14,00,47,358</b>	<b>18,11,65,471</b>
Income tax expense calculated at 34.94% (2017-2018: 34.60%)	4,89,32,547	6,26,83,253
<b>Effect of expenses that are not deductible in determining taxable profit:</b>		
CSR Expenses (50%)	4,36,750	4,32,500
Tax effect on item in OCI	83,488	(42,136)
Interest under Income Tax	5,00,000	13,96,597
Deferred Tax asset in prior years charged off	34,08,929	-
Prior years' tax provision written back	(12,87,360)	-
Capital gains taxed at lower rate	(8,02,346)	-
Additional provision made during the year	1,74,147	35,298
<b>Income tax expense recognised in profit or loss (relating to continuing operations)</b>	<b>5,14,46,155</b>	<b>6,45,05,512</b>

**Note 43****Events after reporting period**

There was no significant event after the end of the reporting period which requires any adjustment or disclosure in the financial statement other than the proposed dividend of ₹ 2.40 per equity share of ₹ 1 each, recommended by Board of Directors at its meeting held on 13<sup>th</sup> May, 2019. The proposed dividend amounting to ₹ 5,30,57,330 includes dividend distribution tax of ₹ 90,48,264 and is subject to approval at the ensuing Annual General Meeting of the Company and hence, is not recognised as a liability.



**Note 44**

These financial statements have been approved by the Board of Directors of the Company in the meeting held on 13th May, 2019.

**Note 45**

In the opinion of the Management, all assets other than Fixed Assets and Non- current investments have a realisable value in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

**Note 46**

Previous year's figures have been regrouped wherever necessary.

As per our report of even date

**For Khanna & Panchmia**

Chartered Accountants  
Firm Reg. No. 136041W

**Devendra Khanna**

Partner  
Mem.No. 38987

Place : Mumbai  
Dated: 13<sup>th</sup> May, 2019

For and on behalf of the Board

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

**M.S. Gayatonde**  
Chief Financial Officer

**M.B. Parekh**  
Chairman & Managing Director

**N.K. Parekh**  
Director

## CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34(3) read with Schedule V of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the company submits the following report:

### 1. **Company's Philosophy on Code of Governance:**

The Company is committed to adopting good corporate governance practices and has complied in all material respects with the requirements specified in the Listing Regulations. The Company endeavors to ensure that highest standards of ethical and responsible conduct are met.

### 2. **Board of Directors:**

During the Financial Year 2018-2019, 4 Board Meetings were held on 23<sup>rd</sup> May, 2018, 2<sup>nd</sup> August, 2018, 29<sup>th</sup> October, 2018 and 22<sup>nd</sup> January, 2019.

The composition of the Board is in conformity with the provisions of the Companies Act, 2013 read with the Rules framed thereunder and Regulation 17 of the Listing Regulations. The details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting (AGM), details of other Directorships and Committee positions as on 31<sup>st</sup> March, 2019 are given as an Annexure to this Report.

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, 2019 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

The familiarization programme for Independent Directors in terms of the provisions of the Listing Regulations is uploaded on the website of the Company [www.vinylchemicals.com](http://www.vinylchemicals.com).

### 3. **Core skills/expertise/competence of the Board of Directors:**

The following are the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business for it to function effectively:

- a. General management and business experience at senior level.
- b. Strategic thinking and governance.
- c. Expertise in finance, legal and regulatory matters.

The aforesaid skills are available with the Board.

### 4. **Independent Directors' Meeting:**

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, a meeting of the Independent Directors of the Company was held on 15<sup>th</sup> January, 2019.

The Independent Directors have submitted declarations(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are Independent of the management of the Company.



**5. Audit Committee:**

The composition of the Committee, its power and terms of reference are in conformity with provisions of Section 177 of the Companies Act, 2013 read with the Rules framed thereunder and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management. All recommendations made by Audit Committee were accepted by the Board.

During the Financial Year 2018-2019, four meetings of the Committee were held on 23<sup>rd</sup> May, 2018, 2<sup>nd</sup> August, 2018, 29<sup>th</sup> October, 2018 and 22<sup>nd</sup> January, 2019.

The 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)	3
2	Smt. Y.J. Mogrelia	Member	NED (I)	4
3	Shri M.B. Parekh	Member	ED (P)	4
4	Shri A.D. Mavikurve*	Member	NED(I)	4

\*Appointed as a Member w.e.f. 3<sup>rd</sup> May, 2018

The Company Secretary is the Secretary of the Committee. The Chief Financial Officer, Internal Auditors and Statutory Auditors are also invited to attend the Meetings.

The Chairman of Audit Committee was present at last Annual General Meeting of the Company held on 31<sup>st</sup> August, 2018.

**6. Nomination & Remuneration Committee:**

The Committee's constitution and terms of reference are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 and Part D of Schedule II of the Listing Regulations. During the Financial Year 2018-2019, one meeting of the Committee was held on 23<sup>rd</sup> May, 2018. The Company has formulated Remuneration Policy for Directors, Key Managerial Personnel (KMPs) and all Senior Management Personnel and the same is available on the website of the Company [www.vinylchemicals.com](http://www.vinylchemicals.com). The Remuneration policy of the Company is directed towards time commitment and responsibilities of the Directors, desirability of performance-based remuneration and salaries paid by comparable companies.

The 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)	-
2	Smt Y.J. Mogrelia	Member	NED (I)	1
3	Shri A.D. Mavinkurve	Member	NED (I)	1
4	Shri N.K. Parekh	Member	NED (P)	1

Shri M.B. Parekh is the Managing Director having tenure of 5 years w.e.f 1<sup>st</sup> April, 2017.

The Commission payable to Shri M.B. Parekh for the Financial Year 2018-2019 is ₹ 74,00,000. The Managing Director is not paid any other performance linked incentives.

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 criteria for performance evaluation cover the areas relevant to the functioning of Independent Directors such as preparation, participation, conduct and effectiveness.

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, 2019 are as follows:

Sr. No.	Name	Sitting Fees (₹)	Commission (₹)	Total (₹)
1	Shri N.K. Parekh	96,000	2,25,000	3,21,000
2	Shri R.M. Gandhi	1,15,500	2,25,000	3,40,500
3	Smt Y.J. Mogrelia	1,14,000	2,25,000	3,39,000
4	Shri A.D. Mavinkurve	1,20,000	2,25,000	3,45,000

The Non-Executive Directors did not have pecuniary relationships or transactions vis-a-vis the Company. The Company has not granted any stock options to any of its Non-Executive Directors.

In terms of the Special Resolution passed by the Members at the Annual General Meeting held on 1<sup>st</sup> September, 2016, the Company has paid commission to Non-Executive Directors at a rate not exceeding 1% per annum of the net profit of the Company computed in accordance with Section 198 of the Companies Act, 2013 as determined by the Board of Directors based on consideration of time spent in attending Board Meetings, Committee Meetings and advice given to the Company whenever approached.

#### 7. Stakeholders Relationship Committee:

The composition of the Committee is in conformity with the provisions of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 20 of the Listing Regulations. During the Financial Year 2018-2019, 12 meetings of the Share Transfer Committee were held and one meeting of the Stakeholders Relationship Committee was held on 15<sup>th</sup> January, 2019, which was attended by Shri A.D. Mavinkurve, Shri R.M.Gandhi and Smt. Y.J. Mogrelia.

The 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 A.D.Mavinkurve	Chairman	NED (I)	1
2	Shri R.M.Gandhi	Member	NED (I)	1
3	Shri N.K. Parekh	Member	NED (P)	0
4	Smt. Y.J. Mogrelia*	Member	NED (I)	1

\* Appointed as a Member w.e.f. 29<sup>th</sup> October, 2018.

The Committee is empowered to look into redressal shareholders'/investors' grievance such as complaints relating to transfer/transmission of shares, non-receipt of declared dividends and non-receipt of Annual Reports.

The Secretarial Department of the Company, under the supervision of Shri P.C. Patel, President & Secretary, who is also the "Compliance Officer" as required by Securities & Exchange Board of India (SEBI)/Listing Regulations and M/s. TSR Darashaw 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, as applicable.

Barring certain cases pending with courts, mainly relating to disputes over the title to shares in which the Company had been made a party, the Company/TSR Darashaw Ltd. have attended to all the shareholders/investor grievances/correspondence generally within a period of 15 days from the date of receipt.





The total numbers of letters received from the shareholders were 1415 of which 10 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. 11 requests for transfer of shares and 25 requests for dematerialization of shares were pending for approval as on 31<sup>st</sup> March, 2019, which were dealt with by 30<sup>th</sup> April, 2019 and 18<sup>th</sup> April, 2019 respectively.

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a Code of Conduct for Prevention of Insider Trading. All the Directors, Employees and other persons specified therein are governed by this Code. Shri P.C. Patel, President & Secretary is the Compliance Officer for the purpose of the said Code.

**8. Corporate Social Responsibility (CSR) Committee:**

The composition of the Committee is in compliance with the provisions of Section 135 of the Companies Act, 2013. During the Financial Year 2018-2019, two meetings of the Committee were held on 23<sup>rd</sup> May, 2018 and 29<sup>th</sup> October, 2018.

The 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 N. K. Parekh	Chairman	NED (P)	2
2	Shri R.M. Gandhi	Member	NED (I)	1
3	Shri M.B. Parekh	Member	ED (P)	2
4	Smt. Y.J. Mogrelia*	Member	NED (I)	-

\*Appointed as a Member w.e.f. 29<sup>th</sup> October, 2018.

The Company Secretary is the Secretary of the Committee.

Pursuant to its terms of reference, the Committee is empowered inter alia, to:

- (a) Formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company.
- (b) Recommend the amount of expenditure to be incurred.
- (c) Monitor CSR Policy of the Company.

The CSR Policy of the Company is uploaded on the website of the Company [www.vinylchemicals.com](http://www.vinylchemicals.com).

**9. General Body Meetings:**

The details of location, date and time of the Annual General Meeting (AGM) held during the last three years are given below:

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2017-2018	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.	31 <sup>st</sup> August, 2018 at 11:00 a.m.	(a) Re-appointment of Shri N.K. Parekh as a Director. (b) Adoption of new Articles of Association (AOA) of the Company in place of the existing AOA. (c) Continuation of Shri R.M. Gandhi as an Independent Director for the remaining period of his term.
2016-2017	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.	30 <sup>th</sup> August, 2017 at 11:00 a.m.	Nil

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2015-2016	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.	1 <sup>st</sup> September, 2016 at 11.00 a.m.	<p>(a) Continuation of appointment of Shri M.B. Parekh as Managing Director on attaining the age of 70 years on 26<sup>th</sup> August, 2016 for remaining period of his term until 31<sup>st</sup> March, 2017.</p> <p>(b) Re-appointment of Shri M.B. Parekh as Managing Director for a further period of 5 years w.e.f 1<sup>st</sup> April, 2017.</p> <p>(c) Payment of commission not exceeding 1% of Net Profit to Non-Executive Directors.</p>

No Special Resolution was passed through postal ballot during the last three years. At the ensuing AGM, no resolution is proposed to be passed through postal ballot.

#### 10. Means of Communication:

The extracts of quarterly financial results of the Company are normally published in Business Standard (English) and Tarun Bharat (Marathi) newspapers. The results are also displayed on the website of the Company [www.vinylchemicals.com](http://www.vinylchemicals.com).

The Company makes timely disclosures of necessary information to the Stock Exchanges in terms of Listing Regulations and other SEBI Regulations.

#### 11. Information for Shareholders:

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

#### 12. Disclosures:

- There were no materially significant related party transactions which had potential conflict with the interest of the Company at large. The details of related party transactions are set out in the Notes to financial statements forming part of this Annual Report.
- The Company has complied with all requirements of the Listing Regulations as well as the Regulations/Guidelines of SEBI. Consequently, no penalties were imposed or strictures were 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 a Vigil Mechanism and Whistle Blower Policy for Directors and employees to report violations of applicable laws and regulations and Code of Conduct. During the year, no employee was denied access to the Audit Committee.
- Details of total fees paid to the Statutory Auditors by the Company is given under Note 29 of the Financial Statements for Financial Year 2018-19 which forms part of this Annual Report.
- The Company has complied with all applicable mandatory requirements of the Listing Regulations. The Company's Policy on Related Party Transactions is uploaded on the website of the Company [www.vinylchemicals.com](http://www.vinylchemicals.com).
- No complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the Financial Year 2018-2019.
- There were no instances wherein the Board has not accepted recommendations made by any Committee of the Board.



**13. Compliance of discretionary requirements under Regulation 27 of the Listing Regulations:**

- (a) The Chairman of the Company is an Executive Chairman.
- (b) As the financial results are published in the newspapers and also posted on the website of the Company, the same are not being sent to the shareholders.
- (c) The company's financial statements for the Financial Year ended 31<sup>st</sup> March, 2019 does not contain any modified audit opinion.
- (d) Shri M.B. Parekh is the Chairman and Managing Director of the Company.
- (e) The Internal Auditor reports directly to the Audit Committee of the Company.

**14. Information relating to Directors:**

Information relating to Directors seeking re-appointment as required under Regulation 36(3) of the Listing Regulations is given in the Notice of AGM.

**15. Certificate from Practicing Company Secretary:**

Certificate as required under Part C of Schedule V of Listing Regulations from M/s M.M Sheth & Company, Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority was received by the Company.

**16. Declaration by the Managing Director under Schedule V(D):**

"Pursuant to Schedule V(D) of the Listing Regulations, I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March, 2019."

## ANNEXURE

**Details of composition of the Board, category, attendance of Directors at Board Meetings & last Annual General Meeting (AGM), number of other Directorships & other Committee positions and Directorships held in other Listed Companies on 31<sup>st</sup> March, 2019**

Sr. No.	Name & Directors Identification Number(DIN)	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships held in other companies*	No. of Committee positions held in other companies @		Directorship in other Listed Companies & category of Directorship
						Member-ships	Chairman-ships	
1	Shri M.B. Parekh DIN: 00180955	ED (P)	4	Yes	9	1	–	<ul style="list-style-type: none"> <li>• Pidilite Industries Ltd. (Executive Chairman )</li> <li>• Excel Industries Ltd. (Independent Director)</li> </ul>
2	Shri N.K. Parekh DIN: 00111518	NED (P)	3	Yes	10	1	–	<ul style="list-style-type: none"> <li>• Pidilite Industries Ltd. (Non- Executive Director - Promoter)</li> </ul>
3	Shri R.M. Gandhi DIN: 00029437	NED (I)	3	Yes	2	1	1	<ul style="list-style-type: none"> <li>• Aarti Industries Ltd. (Independent Director)</li> <li>• Aarti Drugs Ltd. (Independent Director)</li> </ul>
4	Smt Y.J. Mogrelia DIN: 00112002	NED (I)	4	Yes	–	–	–	Nil
5	Shri A.D. Mavinkurve DIN: 00631566	NED (I)	4	Yes	–	–	–	Nil

\* Includes Directorships in Private Limited Company, Foreign Company and Section 8 Company of Companies Act 2013, if any.

@ Includes positions in Audit Committee and Stakeholders Relationship Committee only.

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



## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Vinyl Chemicals (India) Limited**

1. This certificate is issued in accordance with our terms of engagement with Vinyl Chemicals (India) Limited ("the Company"),
2. We have examined the compliance of the conditions of Corporate Governance by the Company for the year ended 31<sup>st</sup> March, 2019 as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D & E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

### Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management.  
This responsibility includes the design, implementation and maintenance on internal control and procedures to ensure the compliance with conditions of Corporate Governance stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Our responsibility was limited to examining procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out the examination of relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 in so far as applicable for the purpose of this certificate and as per Guidance Note on Reports of Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and other Assurance and Related Services Engagements.

### Opinion

8. Based on our examinations of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Listing Regulations for the Financial Year ended 31<sup>st</sup> March, 2019.
9. We further state that such compliance is neither an assurance to the future viability of the Company nor of the efficiency or effectiveness with which management has conducted the affairs of the Company.

**For Khanna & Panchmia**  
**Chartered Accountants**  
**Firm Reg. No. 136041W**

**Devendra Khanna**  
**Partner**

Membership No. 038987

**Place: Mumbai**  
Date: 13th May, 2019

## INFORMATION FOR SHAREHOLDERS

### 1. Annual General Meeting:

<b>Day, Date &amp; Time</b>	: Monday, 5 <sup>th</sup> August, 2019 at 11:00 a.m.
<b>Venue</b>	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021

2. **Financial Year** : 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019

3. **Book Closure Date** : 30<sup>th</sup> July, 2019 to 5<sup>th</sup> August, 2019 (both days inclusive)  
(for shares held in physical form)

### 4. Dividend Payment:

Dividend will be paid to the eligible shareholders on or after 8<sup>th</sup> August, 2019, subject to the approval of the shareholders at the Annual General Meeting.

### 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 2018-2019 has been paid to BSE and NSE.

### 6. Stock Codes:

Name of the Stock Exchange	Stock Code
BSE	524129
NSE	VINYLINDIA

### 7. Market Price Data:

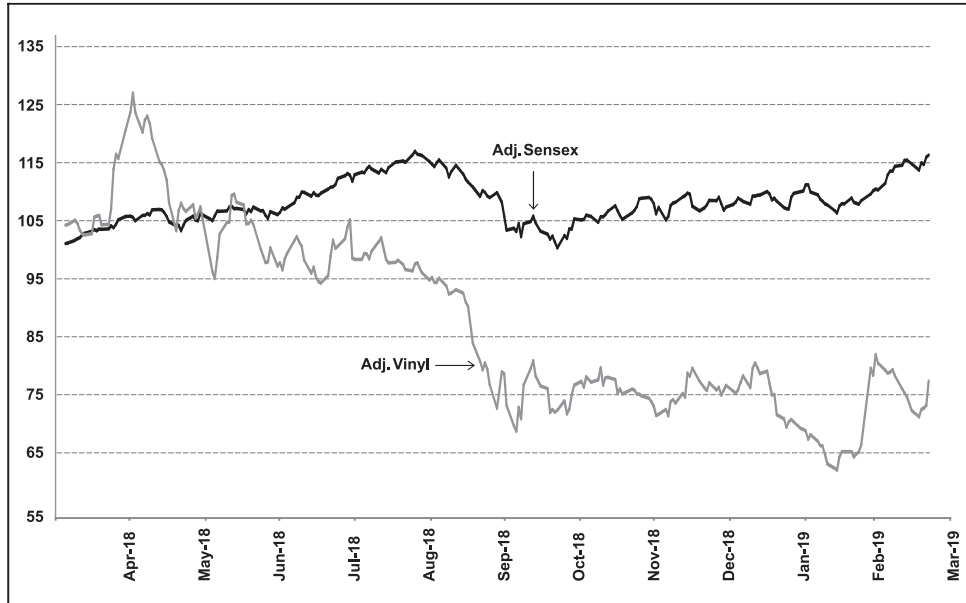
During the Financial Year 2018-2019, the share prices for one equity share of face value of ₹ 1 each of the Company at BSE and NSE were as under:

Month & Year	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2018	128.00	99.00	128.00	99.50
May, 2018	135.90	107.05	135.95	107.00
June, 2018	118.40	98.00	118.70	97.15
July, 2018	109.00	98.00	109.50	97.00
August, 2018	114.00	96.05	114.70	97.70
September, 2018	102.95	79.00	102.80	79.00
October, 2018	86.70	70.65	85.00	70.35
November, 2018	86.10	76.00	87.15	75.05
December, 2018	83.95	72.40	83.65	72.50
January, 2019	86.95	70.60	87.40	71.10
February, 2019	76.00	64.30	75.50	64.00
March, 2019	87.95	69.00	87.80	68.30



**8. Stock Performance:**

During the Financial Year 2018-2019, the performance of the equity share of face value of Re.1 each of the Company in comparison to the BSE Sensex is given in the chart below:



**9. Registrar and Transfer Agents:**

TSR Darashaw Ltd.  
 Unit: Vinyl Chemicals (India) Ltd.  
 6-10, Haji Moosa Patrawala Indl. 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:**

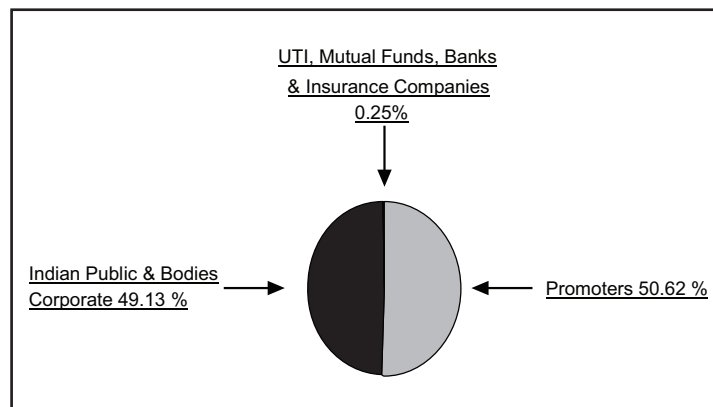
The Company has delegated the authority to approve shares received for transfer in physical form as under:

No. of shares	Authorization given to
Upto 25,000	TSR Darashaw Ltd.
Upto 50,000	Shri M.B.Parekh, Managing Director or in his absence, the Company Secretary
Above 50,000	Share Transfer Committee comprising of the Directors viz. Sarva Shri N.K. Parekh, R.M. Gandhi and M.B. Parekh

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, 2019:**

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 5,000	21,506	99.16	65,77,252	35.87
5,001 – 10,000	97	0.45	6,86,186	3.74
10,001 – 20,000	39	0.18	5,70,534	3.11
20,001 – 30,000	16	0.07	4,09,007	2.23
30,001 – 40,000	11	0.05	3,82,274	2.09
40,001 – 50,000	6	0.03	2,70,047	1.47
50,001 – 1,00,000	6	0.03	4,18,128	2.28
1,00,001 and above	6	0.03	90,23,683	49.21
<b>Total</b>	<b>21,687</b>	<b>100.00</b>	<b>1,83,37,111</b>	<b>100.00</b>
No. of shareholders and shares in physical form	5,185	23.91	9,62,203	5.25
No. of beneficial owners and shares in electronic form	16,502	76.09	1,73,74,908	94.75
<b>Total</b>	<b>21,687</b>	<b>100.00</b>	<b>1,83,37,111</b>	<b>100.00</b>

**12. Shareholding Pattern as on 31<sup>st</sup> March, 2019:****13. Dematerialisation of shares & liquidity:**

As on 31<sup>st</sup> March, 2019, 1,73,74,908 (94.75%) 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 INE250B01029. Requests for dematerialisation of shares are processed and generally confirmed within a period of 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. Commodity Price Risk/Foreign Exchange Risk/Hedging Activities:**

The Company is engaged mainly in trading of VAM, which is imported. The price of VAM undergoes fluctuations as per demand and supply in the international market. The Company enters into currency hedging contracts by way of forward cover or zero cost options for import of VAM to overcome the risk of adverse exchange rate fluctuations.

**16. Plant Locations: Nil**





**17. 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.vinylchemicals@pidilite.com  
 Website: www.vinylchemicals.com

**18. Credit Rating:**

India Ratings and Research (Ind-Ra) has affirmed to the Company Long Term Issuer Rating at 'IND A+'. The Outlook is Stable. There was no revision in the rating during the year.

**19. Corporate Secretarial/Investors' Assistance Department:**

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

**20. Disclosure under Regulation 39 read Schedule VI of the Listing Regulations:**

Details of equity shares lying in Unclaimed Suspense Account of the Company as on 31<sup>st</sup> March, 2019 are as under:

Particulars	No. of Records	No. of Equity Shares
No. of shareholders & outstanding shares at the beginning of the year	230	35,300
No. of requests received from shareholders for transfer of shares during the year	6	900
No. of shareholders & shares transferred to shareholders during the year	6	900
No. of Records & shares transferred to IEPF Authority during the year	38	2,959
No. of shareholders & outstanding shares at the end of the year	186	31,441

**21. Transfer of Shares to Investor Education and Protection Fund Authority:**

Pursuant to the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules), all unpaid or unclaimed dividends and shares in respect of which dividends are unpaid or unclaimed by the shareholders for seven consecutive years or more have been transferred by the Company to the Investor Education and Protection Fund (IEPF) Authority. However, this requirement is not applicable to shares in respect of which there is an order of any Court, Tribunal or Statutory Authority restraining transfer of shares.

During the Financial Year 2018-2019, the Company has sent notices to the concerned shareholders and also published advertisement in newspapers seeking necessary action from the said shareholders in this regard. Subsequently, the Company has transferred unpaid/unclaimed dividends of ₹ 4,80,511 and corresponding 26,719 shares pertaining to the Financial Year 2010-2011 to the IEPF Authority. The Company has uploaded the above details on its website www.vinylchemicals.com and also on website of IEPF Authority www.iepf.gov.in. The voting rights on the shares transferred to the IEPF Authority shall remain frozen till the rightful owner claims the shares from the IEPF Authority.

In the event of transfer of unpaid/unclaimed dividends and shares to IEPF, the concerned shareholders are entitled to claim the same from the IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5, which is available on the MCA's website www.iepf.gov.in and sending a printed copy of the said Form, duly signed, alongwith the prescribed enclosures, to the Company.

# Vinyl Chemicals (India) Ltd.

CIN: L24100MH1986PLC039837

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

**Tel.:** 2282 2708; **Fax:** 2204 3969; **E-mail:** cs.vinylchemicals@pidilite.com; **Website:** www.vinylchemicals.com

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies Management and Administration Rules, 2014)

<b>D.P. Id</b>	
<b>Client Id</b>	

<b>Folio No.</b>	
<b>No. of Shares held</b>	

I/We, \_\_\_\_\_ of \_\_\_\_\_ being Member(s) of Vinyl Chemicals (India) Limited, hereby appoint:

1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_, or falling him

2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_, or falling him

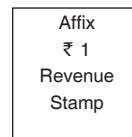
3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Company on Monday, the 5<sup>th</sup> August, 2019 at 11.00 a.m at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamanalal Bajaj Marg, Nariman Point, Mumbai 400 021 and at any adjournment thereof in respect of the resolutions indicated below.

<b>Ordinary Business:</b>	
1	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2019
2	Ordinary Resolution for declaration of Dividend on Equity Shares
3	Special Resolution for re-appointment of Shri N.K. Parekh as a Director
4	Ordinary Resolution for appointment of Auditors
<b>Special Business:</b>	
5	Special Resolution for re-appointment of Shri R.M. Gandhi as an Independent Director
6	Special Resolution for re-appointment of Smt Y.J. Mogrelia as an Independent Director
7	Special Resolution for re-appointment of Shri A.D. Mavinkurve as an Independent Director



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

(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.

