Vinyl Chemicals (India) Ltd.

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

6th September, 2018

The Secretary
BSE Ltd.
Corporate Relationship Dept.,
14th floor, P. J. Tower,
Dalal Street, Fort
Mumbai - 400 001
Stock Code – 524129

Dear Sir,

Sub: Submission of Annual Report for Financial Year 2017-18

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith soft copy of the Annual Report of the Company for the financial year 2017-18, duly approved and adopted by the members at the 32nd Annual General Meeting of the Company held on 31st August, 2018.

Thanking You,

Yours faithfully,
for **Vinyl Chemicals (India) Ltd.**

P.C. Patel
Secretary

CC: National Stock Exchange of India Ltd.



Vinyl Chemicals (India) Ltd.

32ND ANNUAL REPORT 2017-2018

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 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 Second Annual Report and the Audited Financial Statements for the year ended 31st March, 2018.

Financial Results:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Profit before Interest, Depreciation and Tax	1820	1346
Less: Interest & Other Finance Costs	8	3
Depreciation	*	*
Profit before Taxation	**1812**	**1343**
Less: Provision for Current Taxation	616	534
(Add)/Less: Provision for Deferred Tax	29	(63)
Profit for the year	**1167**	**872**
(Add)/Less: Other Comprehensive Income	(*)	3
Total Comprehensive Income	**1167**	**869**
Add: Profit Brought Forward from Previous Year	3418	2920
Opening balance of Retained Earnings	**4585**	**3789**
Appropriations:		
Dividend on Equity Shares	#330	@275
Tax on Dividend	#67	@56
Transfer to General Reserve	50	40
Total	**447**	**371**
Closing balance of Retained Earnings	**4138**	**3418**

* less than ₹ 1 lac
\# relates to Dividend for F.Y. 2016-2017
@ relates to Dividend for F.Y. 2015-2016

Dividend:

Out of Current Year's profit, the Directors recommend payment of dividend of ₹ 2.40 per equity share of ₹ 1 each (previous year ₹ 1.80 per equity share) amounting to ₹ 4,40,09,066 (previous year ₹ 3,30,06,800) 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 ₹ 36,231 lacs.

c. During the year, the Company earned Net Profit of ₹ 1,167 lacs as against ₹ 872 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.

It is proposed to pass Special Resolutions for re-appointment of Shri N.K. Parekh and Shri R.M. Gandhi, Directors, as required under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

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 Regulations.

Extract of Annual Return:

Extract of Annual Return for the Financial Year ended on 31st March, 2018, as required by Section 92(3) of the Companies Act, 2013 is annexed as Annexure 1.

No. 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 31st March, 2018.

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 2017-2018 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.

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:

In terms of the provisions of Section 135 of the Companies Act, 2013 and the Rules framed thereunder, the company has formulated a policy on Corporate Social Responsibility (CSR) and has also constituted a CSR Committee to recommend and monitor expenditure on CSR. The CSR Committee comprises of Shri M.B. Parekh, Shri N.K. Parekh and Shri R.M. Gandhi, Directors, as the members. Shri N.K. Parekh is the Chairman of the Committee. The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 in the prescribed format is annexed as Annexure 3.

Remuneration Policy:

The Remuneration Policy of the Company is available on the Company's website 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.

Audit Committee:

The Audit Committee was reconstituted on 3rd May, 2018 by appointing Shri A.D. Mavinkurve as a Member of the Committee. The present members of the Committee comprises of Shri R.M. Gandhi (Chairman), Smt. Y.J. Mogrelia, Shri M.B. Parekh and Shri A.D. Mavinkurve. All the recommendations made by the Audit Committee were 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 31st March, 2018.

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

At the 28th Annual General Meeting of the Company, the Members have appointed M/s. Khanna & Panchmia, Chartered Accountants, Mumbai as the Statutory Auditors of the Company for a period of five years upto the conclusion of the 33rd Annual General Meeting, subject to ratification by shareholders at every Annual General Meeting.

In view of the amendments to the provisions of Section 139 of the Companies Act, 2013, now the appointment of Auditors is not required to be ratified by the members at every 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 Whistle Blower Policy for Directors & employees. The details of the policy are posted on the Company's website www.vinylchemicals.com.

Secretarial Audit Report:

Pursuant to Section 204 of the Companies Act, 2013, the Secretarial Audit Report for the year ended 31st March, 2018 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 31st March, 2018 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:

Reports on Corporate Governance and Management Discussion and Analysis in accordance with Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 alongwith a certificate from the Auditors of the Company are 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 SEBI 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 policy is available on the website of the Company www.vinylchemicals.com.

Composition of Audit Committee:

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

General:

a) The Company has not issued Sweat Equity shares and Equity shares with Differential Rights during the Financial Year 2017-2018.

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 2017-2018.

d) No complaints under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 were received by the Company during the Financial Year 2017-2018.

e) There have been no material changes and commitments affecting the financial position of the Company after the end of the 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 & Remuneration Committee and Stakeholders Relationship Committee are given in the Corporate Governance Report section of this Annual Report.

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: 23rd May, 2018

M.B. PAREKH
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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, 7th 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. Mose s 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 Shareholers	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Promoters**									
(a)	Individuals / Hindu Undivided Family	649,926	0	649,926	3.54	666,426	0	666,426	3.63	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
	Sub-Total (A) (1)	**9,248,261**	**0**	**9,248,261**	**50.43**	**9,264,761**	**0**	**9,264,761**	**50.52**	0.09
(2)	**Foreign**									
(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
	Sub-Total (A) (2)	**0**	**0**	**0**	0.00	**0**	**0**	**0**	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)	**9,248,261**	**0**	**9,248,261**	**50.43**	**9,264,761**	**0**	**9,264,761**	**50.52**	**0.09**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds / UTI	0	600	600	0.00	0	600	600	0.00	0.00
(b)	Financial Institutions / Banks	13,214	460	13,674	0.08	11,356	460	11,816	0.07	-0.01
(c)	Cental 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	0	0	0	0.00	2,574	0	2,574	0.01	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
	Sub-Total (B) (1)	**56,888**	**1,060**	**57,948**	**0.32**	**57,604**	**1,060**	**58,664**	**0.33**	**0.00**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	708,286	83,082	791,368	4.32	1,009,468	81,557	1,091,025	5.95	1.63
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,953,873	1,285,661	8,239,534	44.93	6,884,988	1,037,673	7,922,661	43.21	-1.73
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
	Sub-total (B) (2)	**7,662,159**	**1,368,743**	**9,030,902**	**49.25**	**7,894,456**	**1,119,230**	**9,013,686**	**49.16**	**-0.09**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**7,719,047**	**1,369,803**	**9,088,850**	**49.57**	**7,952,060**	**1,120,290**	**9,072,350**	**49.48**	**-0.09**
	TOTAL (A)+(B)	**16,967,308**	**1,369,803**	**18,337,111**	**100.00**	**17,216,821**	**1,120,290**	**18,337,111**	**100.00**	
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	**16,967,308**	**1,369,803**	**18,337,111**	**100.00**	**17,216,821**	**1,120,290**	**18,337,111**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% 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 LIMITED	7,451,540	40.64	0.00	7,451,540	40.64	0.00	0.00
2	PAREKH MARKETING LIMITED	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	MADHUKAR BALVANTRAY PAREKH	124,763	0.68	0.00	124,763	0.68	0.00	0.00
6	AJAY BALVANTRAY PAREKH	94,583	0.52	0.00	94,583	0.52	0.00	0.00
7	MALA MADHUKAR PAREKH	125,500	0.68	0.00	125,500	0.68	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 PRIVATE LIMITED	64,550	0.35	0.00	64,550	0.35	0.00	0.00
10	KALPANA APURVA PAREKH	3,688	0.02	0.00	3,688	0.02	0.00	0.00
11	HARTON PRIVATE LIMITED	47,000	0.26	0.00	47,000	0.26	0.00	0.00
12	BHARATI NARENDRAKUMAR PAREKH	42,750	0.23	0.00	42,750	0.23	0.00	0.00
13	JASNA RAOUL THACKERSEY	42,750	0.23	0.00	42,750	0.23	0.00	0.00
14	THE VACUUM FORMING COMPANY PVT LTD	40,000	0.22	0.00	40,000	0.22	0.00	0.00
15	PARKEM DYES & CHEMICALS PVT LTD	38,100	0.21	0.00	38,100	0.21	0.00	0.00
16	AMI AJAY PAREKH	35,650	0.19	0.00	35,650	0.19	0.00	0.00
17	APURVA NARENDRAKUMAR PAREKH	28,500	0.16	0.00	28,500	0.16	0.00	0.00
18	DARSHANA BIMAL MODY	21,575	0.12	0.00	21,575	0.12	0.00	0.00
19	KANTA BALVANTRAY PAREKH	17,814	0.10	0.00	17,814	0.10	0.00	0.00
20	SUSHILKUMAR KALYANJI PAREKH	14,401	0.08	0.00	14,401	0.08	0.00	0.00
21	HIMATLAL KALYANJI PAREKH	14,101	0.08	0.00	1,001	0.01	0.00	-0.07
22	RASHMIKANT HIMATLAL PAREKH	0	0.00	0.00	25,200	0.14	0.00	0.14
23	KAMALINI RASHMIKANT PAREKH	0	0.00	0.00	12,300	0.07	0.00	0.07
24	GULABBEN HIMATLAL PAREKH	7,900	0.04	0.00	0	0.00	0.00	-0.04

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

S. No.	Date	Reason	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
			No.of Shares	% of total Shares of the company	No.of Shares	% of total Shares of the company
	At the beginning of the year				9,248,261	50.43
1	10/02/2018	Transmission	-13,100	-0.07	9,235,161	50.36
2	10/02/2018	Transmission *	25,200	0.14	9,260,631	50.50
3	10/02/2018	Transmission	-7,900	-0.04	9,252,461	50.46
4	10/02/2018	Transmission *	12,300	0.07	9,264,761	50.52
	At the end of the year				**9,264,761**	**50.52**

* includes existing shares held by the Nominee 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 31.03.2017	No of shares as on 31.03.2018	Net Changes	% to Capital
1	Jitendrakumar Saraiya	62,000	60,000	-2,000	-0.01
2	Neerav A Parekh	60,000	60,000	0	0.00
3	Angel Broking Private Limited	26,807	58,420	31,613	0.17
4	Parul Patel	48,873	48,873	0	0.00
5	The Oriental Insurance Company Limited	43,674	43,674	0	0.00
6	Krishhey Sameer Thacker	0	41,400	41,400	0.23
7	Ajay Agarwal	40,000	40,000	0	0.00
8	Ushaben Saraiya	33,000	40,000	7,000	0.04
9	Karvy Stock Broking Ltd	15,426	37,466	22,040	0.12
10	R M Patel	30,774	30,774	0	0.00

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	No of shares as on 31.03.2017	No of shares as on 31.03.2018	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 Dattatrey Mavinkurve	0	0	0	0.00
6	Priykant 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
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	49.47	–	49.47
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**49.47**		**49.47**
Change in indebtedness at the end of the financial year				
Addition	–	–	–	–
Reduction	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	49.47	–	49.47
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**49.47**	–	**49.47**

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:		–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961		–
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961		–
2	Stock Option		–
3	Sweat Equity		–
4	Commission:		
	- as % of profit		75.00
	- others		–
5	Others		–
	Total (A)		**75.00**
Remuneration paid is within the ceiling limits calculated as per Section 198 of the Companies Act, 2013			

B. Remuneration to other Directors:

(₹ in lacs)

Sr. No.	Particulars	Name of Directors				Total Amount
		Shri N.K. Parekh	Shri R.M. Gandhi	Smt. Y.J. Mogrelia	Shri A.D. Mavinkurve	
1	Independent Directors					
	Fee for attending Board/Committee Meetings	–	1.37	1.08	0.81	3.26
	Commission	–	2.50	2.50	2.50	7.50
	Others	–	–	–	–	–
	Total (1)	–	**3.87**	**3.58**	**3.31**	**10.76**
2	Non-Executive Director					
	Fee for attending Board/Committee Meetings	1.14	–	–	–	1.14
	Commission	2.50	–	–	–	2.50
	Others	-	–	–	–	–
	Total (2)	**3.64**	–	–	–	**3.64**
	Total B=(1)+(2)	**3.64**	**3.87**	**3.58**	**3.31**	**14.40**
	Total Managerial Remuneration (A + B)					**89.40**
	Ceiling as per the Section 198 of the Companies Act, 2013					

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

(₹ in lacs)

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		23.97
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961		–
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961		–
2	Stock Option		–
3	Sweat Equity		–
4	Commission		
	- as % of profit		–
	- others		–
5	Others		–
	Total		**23.97**

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, 2018.

ANNEXURE 2

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 31st March, 2018 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 Limited (Promoter Company)

ii. Pidilite Industries Egypt (SAE) (Subsidiary of Promoter Company)

iii. Pidilite Speciality Chemicals Bangladesh Private Limited (Subsidiary of 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 2017-2018, the value of goods sold are as follows:

i.	Pidilite Industries Limited	–	₹ 3,64,71,10,493
ii.	Pidilite Industries Egypt (SAE)	–	₹ 46,55,499
iii.	Pidilite Speciality Chemicals Bangladesh Private Limited	–	₹ 1,05,62,964

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 OF DIRECTORS

Place : Mumbai
Date : 23rd May, 2018

M.B. PAREKH
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE 3

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 website of the Company 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 and Shri R.M. Gandhi.

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

   ₹ 1214.31 lacs

4. **Prescribed CSR expenditure for Financial Year 2017-2018:**

   ₹ 24.29 lacs

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

   (a) Total amount to be spent for the Financial year 2017-2018:

   ₹ 24.29 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 : 23rd May, 2018

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

ANENEXURE 4

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 uniformally 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 31st MARCH, 2018

[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]

To,

The Members,

Vinyl Chemicals (India) Limited

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 31st March, 2018 (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 31st March, 2018 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 **(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 **(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 no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

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

Place: Mumbai
Date : 23rd May, 2018

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) Whereever 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 : 23rd May, 2018

ANENEXURE 6

I. DISCLOSURE U/S 197(12) AND RULE 5(1) OFTHE 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 31st March, 2018:**

Sr. No.	Name of Director	Total Remuneration (₹ in lacs)	Ratio of Remuneration of Director to the Median Remuneration
1	Shri M.B. Parekh	75.00	6.82
2	Shri N.K. Parekh	3.64	0.33
3	Shri R.M. Gandhi	3.87	0.35
4	Smt. Y.J. Mogrelia	3.58	0.33
5	Shri A.D. Mavinkurve	3.31	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 (%)
		2017-2018	2016-2017	
1	Shri M.B. Parekh	75.00	51.00	47.06
2	Shri N.K. Parekh	3.64	3.43	6.12
3	Shri R.M. Gandhi	3.87	3.86	0.26
4	Smt. Y.J. Mogrelia	3.58	3.42	4.68
5	Shri A.D. Mavinkurve	3.31	3.20	3.44
6	Shri Mahendra Gayatonde (CFO)	23.97	21.25	12.80

3. **Percentage increase in the median remuneration of employees in the financial year:**

Particulars	Median Remuneration (₹ in lacs)		Increase (%)
	2017-2018	2016-2017	
Median remuneration of all employees (per annum)	10.99	10.56	4.07

4. The number of permanent employees on the rolls of the company as on 31st March, 2018 were 14.

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 (%)
	2017-2018	2016-2017	
Average salary of all employees (other than KMP)	15.77	14.52	8.61%
KMP remuneration	98.97	72.25	36.98%

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 2017–2018, 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)
	2017-2018	**2016-2017**
1. Foreign Exchange earned	1,439.42	1,003.09
2. Foreign Exchange used	38,064.63	25,596.87

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 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 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 31st March, 2018 were 14.

INDEPENDENT AUDITORS' REPORT

To the Members of
Vinyl Chemicals (India) Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Vinyl Chemicals (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and changes in the equity for the year ended on that date.

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 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 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 Ind AS financial statements – Refer Note 30 to the 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

Ketan Panchmia
Partner
Membership No. 038985

Place: Mumbai
Date : 23rd May, 2018

Annexure "A" to the Independent Auditor's 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 are 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, 2018 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:

Name of Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Income Tax	4,58,439	AY 2009-10 to 2013-14	Commissioner (Appeals)
Sales Tax Act	Sales Tax in Various States	6,92,83,362	2005-06 to 2007-08, 2009-10, 2010-11	Joint Commissioner (Appeals), Maharashtra Sales Tax Tribunal

(viii) In our opinion and according to information and explanations given to us, the Company has not accepted any loans or borrowings from bank, financial institutions or government and has not 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 officer/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 Section 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 him 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

Ketan Panchmia
Partner
Membership No. 038985

Place : Mumbai
Date : 23rd May, 2018

Annexure "B" to the Independent Auditor's 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 March 31, 2018 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 was 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 March 31, 2018 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

Ketan Panchmia
Partner
Membership No. 038985

Place : Mumbai
Date : 23rd May, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

	Notes		31st March, 2018	31st March, 2017
		₹	₹	₹
ASSETS				
1. Non-current assets				
a) Property,Plant and Equipment	3	22,13,773		22,32,278
b) Deferred tax asset (Net)	15	4,20,656		33,33,304
c) Other non-current assets	4	49,76,404		67,86,671
Total Non-current assets			76,10,833	1,23,52,253
2. Current assets				
a) Inventories	5	55,34,95,999		17,71,41,207
b) Financial Assets				
i) Other investments	6	33,82,36,110		38,54,74,866
ii) Trade receivables	7	77,49,60,623		45,68,76,749
iii) Cash and cash equivalents	8	1,47,85,062		22,13,809
iv) Bank balances other than (iii) above	9	56,19,350		45,76,206
c) Other current assets	10	1,78,98,922		59,75,723
Total Current assets			1,70,49,96,066	1,03,22,58,560
Total Assets			**1,71,26,06,899**	**1,04,46,10,813**
EQUITY AND LIABILITIES				
1. EQUITY				
a) Equity Share Capital	11	1,83,43,984		1,83,43,984
b) Other Equity	12	53,65,70,942		45,95,57,562
Equity attributable to owners of the Company & Total Equity			55,49,14,926	47,79,01,546
LIABILITIES				
2. Non-current liabilities				
a) Financial liabilities				
Borrowings	13	49,47,308		–
b) Provisions	14	5,26,897		75,60,326
Total Non-current liabilities			54,74,205	75,60,326
3. Current liabilities				
a) Financial liabilities				
i) Borrowings	16	–		49,47,308
ii)Trade payables	17	1,09,88,62,533		52,63,79,567
iii)Other financial liabilities	18	3,71,26,366		1,73,05,551
b) Other current liabilities	19	22,03,894		71,62,573
c) Provisions	20	3,91,975		1,77,802
d) Current tax liabilities (Net)	21	1,36,33,000		31,76,140
Total Current liabilities			1,15,22,17,768	55,91,48,941
Total Equity and Liabilities			**1,71,26,06,899**	**1,04,46,10,813**
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 Khanna & Panchmia
Chartered Accountants
Firm Reg. No. 136041W

Ketan Panchmia
Partner
Mem.No. 038985

Place : Mumbai
Dated: 23rd May, 2018

For and on behalf of the Board

P.C. Patel
President & Secretary

M.B. Parekh
Chairman & Managing Director

M.S. Gayatonde
Chief Financial Officer

N.K. Parekh
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Notes		31st March, 2018	31st March, 2017
		₹	₹	₹
Income				
Revenue from operations	22		3,75,18,60,516	2,92,71,35,220
Other income	23		3,95,71,829	4,18,33,454
Total Income			**3,79,14,32,345**	**2,96,89,68,674**
Expenses				
Purchase of traded goods	24	3,89,41,07,558		2,69,60,42,594
(Increase)/decrease in inventories of traded goods	25	(37,63,54,791)		7,12,97,306
Cost of traded goods sold			3,51,77,52,767	2,76,73,39,900
Employee benefits expenses	26		3,14,07,616	2,58,68,758
Finance costs	27		7,96,110	2,88,018
Depreciation and amortization	3		58,594	55,252
Other Expenses	28		6,02,51,787	4,11,44,669
Total Expenses			**3,61,02,66,874**	**2,83,46,96,597**
Profit before tax			**18,11,65,471**	**13,42,72,077**
Tax expense				
Current tax		6,15,92,864		5,34,54,440
Deferred tax	36	29,12,648		(63,42,161)
Total tax expenses			6,45,05,512	4,71,12,279
Profit for the year			**11,66,59,959**	**8,71,59,798**
Other Comprehensive Income				
(Add)/Less: Remeasurement of defined benefit plan (Gratuity)	29		(79,644)	2,91,919
Total Comprehensive Income			**11,67,39,603**	**8,68,67,879**
Earnings per share				
Basic			6.36	4.75
Diluted			6.36	4.75
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 Khanna & Panchmia
Chartered Accountants
Firm Reg. No. 136041W

Ketan Panchmia
Partner
Mem.No. 038985

Place : Mumbai
Dated: 23rd May, 2018

For and on behalf of the Board

P.C. Patel
President & Secretary

M.B. Parekh
Chairman & Managing Director

M.S. Gayatonde
Chief Financial Officer

N.K. Parekh
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

a. Equity Share Capital:	Amount (₹)
Balance at 1st April, 2016	**1,83,43,984**
Changes in equity share capital during the year	–
Balance at 31st March, 2017	**1,83,43,984**
Changes in equity share capital during the year	–
Balance at 31st March, 2018	**1,83,43,984**

b. Other Equity:

	Reserves and Surplus			Total
	Capital Reserve (₹)	General Reserve (₹)	Surplus in Statement of Profit and Loss (₹)	(₹)
Balance at 1st April, 2016	**54,46,752**	**10,83,40,204**	**29,20,07,997**	**40,57,94,953**
Profit for the year			8,71,59,798	8,71,59,798
Other comprehensive income for the year, net of income tax			(2,91,919)	(2,91,919)
Transfer to General Reserve		40,00,000	(40,00,000)	–
Payment of dividends			(3,31,05,270)	(3,31,05,270)
Balance at 31st March, 2017	**54,46,752**	**11,23,40,204**	**34,17,70,606**	**45,95,57,562**
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			(3,97,26,223)	(3,97,26,223)
Balance at 31st March, 2018	**54,46,752**	**11,73,40,204**	**41,37,83,986**	**53,65,70,942**

As per our report of even date

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

Ketan Panchmia
Partner
Mem.No. 038985

Place : Mumbai
Dated: 23rd May, 2018

For and on behalf of the Board

P.C. Patel
President & Secretary

M.B. Parekh
Chairman & Managing Director

M.S. Gayatonde
Chief Financial Officer

N.K. Parekh
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Notes	31st March, 2018 ₹	31st March, 2017 ₹
Cash flows from operating activities			
Profit/(loss) for the year after tax		11,66,59,959	8,71,59,798
Add: Income tax expense recognised in profit or loss		6,45,05,512	4,71,12,279
Profit/(loss) before tax		**18,11,65,471**	**13,42,72,077**
Adjustments for:			
Interest income		(1,20,000)	(1,20,000)
Net (gain)/loss on sale of current investments		(2,35,91,958)	(4,00,95,963)
Net (gain)/loss on financial liabilities designated as at fair value through profit or loss		(63,67,382)	1,11,40,545
Net (gain)/loss on financial assets mandatorily measured at fair value through profit or loss		(84,43,999)	38,60,923
Finance costs		7,96,110	2,88,018
Remeasurement of defined benefit obligations through OCI		79,644	(2,91,919)
Depreciation & amortization of non-current assets		58,594	55,252
		14,35,76,480	**10,91,08,933**
Movements in working capital:			
Decrease/(increase) in fixed assets		(40,089)	-
Decrease/(increase) in inventories		(37,63,54,791)	7,12,97,309
Decrease/(increase) in trade & other receivables		(31,80,83,875)	3,73,24,706
(Increase)/decrease in other assets		(1,11,56,076)	1,05,02,385
Increase/(decrease) in trade payables		57,24,82,966	(23,25,15,372)
Increase/(decrease) in provisions		(68,19,256)	72,15,377
Increase/(decrease) in other liabilities		2,84,95,515	(2,42,77,529)
Cash generated from Operations		**3,21,00,874**	**(2,13,44,191)**
Interest and other finance expenses		(7,96,110)	(2,88,018)
Income tax paid		(5,84,02,000)	(4,91,24,000)
Net Cash from Operating Activities (A)		**(2,70,97,236)**	**(7,07,56,209)**
Cash flows from investing activities			
Sale/(Purchase) of financial assets (Net)		7,92,74,712	10,08,28,756
Interest received		1,20,000	1,20,000
Net cash flows from/(used in) investing activities (B)		**7,93,94,712**	**10,09,48,756**

	Notes	31st March, 2018 ₹	31st March, 2017 ₹
Cash flows from financing activities			
Dividend paid (including dividend tax,where applicable) on equity shares		(3,97,26,223)	(3,31,05,270)
Net cash flows from/(used in) financing activities (C)		**(3,97,26,223)**	**(3,31,05,270)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**1,25,71,253**	**(29,12,723)**
Cash and cash equivalents at the beginning of the year		22,13,809	51,26,532
Cash and cash equivalents at the end of the year		**1,47,85,062**	**22,13,809**
Components of cash and cash equivalents			
Cash on hand		30,401	57,009
Balances with banks - in current accounts		1,47,54,661	21,56,800
Total cash and cash equivalents		**1,47,85,062**	**22,13,809**
Summary of significant accounting policies	2		

As per our report of even date

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

Ketan Panchmia
Partner
Mem.No. 038985

Place : Mumbai
Dated: 23rd May, 2018

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 31ST MARCH, 2018

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 400 021. The address of principal place of business is Ramkrishna Mandir Road, Off Mathuradas Vasanji Road, Andheri (E), Mumbai 400 059.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government, except otherwise mentioned.

Sale of goods & other income

i. Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with despatch of goods to customer. Sales exclude Sales Tax/VAT/G.S.T. It is measured at fair value of consideration received or receivable, net of returns, rebates and discounts.

ii . Claims which are not of material nature/insurance claims etc. are accounted for when no significant uncertainties are attached to their eventual receipt.

iii. Negotiated price reduction obtained from supplier is accounted for as a part of 'Other operating revenue'.

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 Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28th March, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1st April ,2018.

The Company plans to adopt the new standard on the required effective date. The new standard is not expected to materially affect the timing of revenue and impact financial statements of the Company.

3. 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 31st March, 2018 ₹	As at 31st March, 2017 ₹
Note 3		
Property, plant and equipment and capital work-in-progress (Net Block)		
Carrying amounts of:		
Freehold land	18,57,310	18,57,310
Plant & Equipment		
Plant & equipment	2,91,550	3,28,946
Furniture & Fixtures	64,913	46,022
	22,13,773	**22,32,278**

	Freehold Land ₹	Plant & Equipment ₹	Furniture & Fixtures ₹	Total ₹
Cost or deemed cost (Gross Block):				
Balance at 1st April, 2016	**18,57,310**	**4,20,954**	**60,114**	**23,38,378**
Additions	–	–	–	–
Disposals/Adjustments	–	–	–	–
Balance at 31st March, 2017	**18,57,310**	**4,20,954**	**60,114**	**23,38,378**
Additions	–	11,499	28,590	40,089
Disposals/Adjustments	–	–	–	**–**
Balance at 31st March, 2018	**18,57,310**	**4,32,453**	**88,704**	**23,78,467**
Accumulated depreciation and impairment:				
Balance at 1st April, 2016	–	**46,073**	**4,775**	**50,848**
Depreciation expense	–	45,935	9,317	55,252
Balance at 31st March, 2017	**–**	**92,008**	**14,092**	**1,06,100**
Depreciation expense	–	48,895	9,699	58,594
Balance at 31st March, 2018	**–**	**1,40,903**	**23,791**	**1,64,694**
Carrying amount (Net Block):				
Balance at 1st April, 2016	**18,57,310**	**3,74,881**	**55,339**	**22,87,530**
Additions	–	–	–	–
Depreciation expense	–	45,935	9,317	55,252
Disposals/Adjustments	–	–	–	–
Balance at 31st March, 2017	**18,57,310**	**3,28,946**	**46,022**	**22,32,278**
Additions	–	11,499	28,590	40,089
Disposals/Adjustments	–	–	–	–
Depreciation expense	–	48,895	9,699	58,594
Balance at 31st March, 2018	**18,57,310**	**2,91,550**	**64,913**	**22,13,773**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Note 4		
Other Non-current assets		
Loans - Non Current		
Unsecured, considered good		
Loans and Advances to Employees & Others*	10,05,000	10,05,000
* Loans given for business purpose	**10,05,000**	**10,05,000**
Non-financial Assets - Others - Non-current		
Advance Payment of Taxes (Net of Provisions ₹ 30,99,61,800)	1,43,269	–
VAT Refund	38,28,135	57,81,671
	39,71,404	**57,81,671**
Total other Non-current assets	**49,76,404**	**67,86,671**
Note 5		
Inventories (At lower of cost and net realizable value)		
Stock in Trade (acquired for trading)	55,34,95,999	17,71,41,207
	55,34,95,999	**17,71,41,207**
Goods in transit included in the above stock	7,01,83,141	14,22,89,770

Note 6

Financial Assets - Investments - Current

	As at 31st March, 2018 Qty	As at 31st March, 2018 ₹	As at 31st March, 2017 Qty	As at 31st March, 2017 ₹
Investments in Mutual Funds				
Quoted				
Other investments				
Birla Sunlife Mutual Fund-Growth	3,51,934	12,10,38,701	3,33,879	10,68,78,365
Birla Sunlife Mutual Fund- Enhanced Arbitrage Fund	17,19,952	3,15,93,285	–	–
ICICI Prudential-Money Market Fund	7,08,397	17,03,43,987	–	–
ICICI Prudential-Equity Arbitrage Fund	6,44,617	1,52,60,137	–	–
ICICI Prudential-Flexible Income Plan	–	–	5,505	17,13,893
ICICI Prudential-Ultra Short Term Plan	–	–	1,61,80,233	27,68,82,608
Total	**34,24,900**	**33,82,36,110**	**1,65,19,617**	**38,54,74,866**

Note 7

Financial Assets - Trade Receivables - Current

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
– Unsecured, considered good	77,49,60,623	45,68,76,749
– Considered doubtful	33,05,793	33,05,793
	77,82,66,416	**46,01,82,542**
Less: Provision for doubtful receivables	33,05,793	33,05,793
	77,49,60,623	**45,68,76,749**

The average credit period on sales of goods is 46 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.

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Note 8
Cash and Cash Equivalents

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Cash on Hand	30,401	57,009
Balance with banks		
In Current Accounts	1,47,54,661	21,56,800
	1,47,85,062	**22,13,809**

Note 9
Bank Balances other than Cash and Cash Equivalents
Other Bank Balances
Earmarked Accounts

In unpaid dividend accounts	56,19,350	45,76,206
	56,19,350	**45,76,206**

Note 10
Other current assets

Loans - Current

Unsecured, considered good		
Loans and Advances to Employees & Others*	1,24,000	30,000
*Loans given for business purpose	**1,24,000**	**30,000**

Financial Assets - Others - Current

Security deposit

Unsecured, Considered good	15,000	15,000
	15,000	**15,000**

Non financial Assets - Others - Current

SAD Refund receivable	–	50,71,330
Advances to vendors	–	5,01,369
Prepaid Expenses	3,27,849	1,59,125
Others	1,74,32,073	1,98,899
	1,77,59,922	**59,30,723**
Total other current assets	**1,78,98,922**	**59,75,723**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Note 11		
Share Capital		
Authorised Capital		
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 31st March, 2017)		
	3,49,66,001	**3,49,66,001**
Issued Capital		
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 31st March, 2017)		
	1,83,43,984	**1,83,43,984**
Subscribed and Paid up Capital		
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 31st March, 2017)		
Add: Amount received on 6,873 forfeited equity shares	6,873	6,873
(6,873 forfeited equity shares as at 31st March, 2017)		
	1,83,43,984	**1,83,43,984**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

	No. of Shares	Amount ₹
Balance at 31st March, 2018 and 31st March, 2017	1,83,37,111	1,83,43,984

Terms/Rights attached to equity shares

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 31st March, 2017, the Company paid the Final Dividend of ₹ 1.50 per equity share of ₹ 1 each for the Financial Year 2015-2016.

During the year ended 31st March, 2018, the Company had paid Final Dividend of ₹ 1.80 per equity share of ₹ 1 each for the Financial Year 2016-2017.

On 23rd May, 2018, the Board of Directors of the Company have proposed a dividend of ₹ 2.40 per equity share in respect of the year ended 31st March, 2018, 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.

Details of shareholders holding more than 5% shares in the Company:

	As at 31st March, 2018		As at 31st March, 2017	
	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 31st March, 2018 ₹	As at 31st March, 2017 ₹
Note 12		
Other Equity		
Capital Reserve	54,46,752	54,46,752
General Reserve	11,73,40,204	11,23,40,204
Surplus in Statement of Profit and Loss	41,37,83,986	34,17,70,606
	53,65,70,942	**45,95,57,562**
a) Capital Reserve		
Balance as per last financial statements	54,46,752	54,46,752
Closing Balance	**54,46,752**	**54,46,752**
b) General Reserve		
Balance as per last financial statements	11,23,40,204	10,83,40,204
Add: Transferred from Statement of Profit and Loss	50,00,000	40,00,000
Closing Balance	**11,73,40,204**	**11,23,40,204**
c) Surplus in Statement of Profit and Loss		
Balance as per last financial statements	34,17,70,606	29,20,07,997
Add: Profit for the year	11,66,59,959	8,71,59,798
Less: Final Equity Dividend of 2015-2016 paid in 2016-2017 and of 2016-17 paid in 2017-18	(3,30,06,800)	(2,75,05,666)
Tax on equity dividend	(67,19,423)	(55,99,604)
Add/(Less): Other comprehensive income	79,644	(2,91,919)
Add/(Less): Transfer to General Reserve	(50,00,000)	(40,00,000)
Closing Balance	**41,37,83,986**	**34,17,70,606**
Note 13		
Financial Liabilities - Borrowings -Non-current		
Deferred sales tax loan (unsecured)	49,47,308	–
	49,47,308	**–**
Note 14		
Provisions - Non Current		
Provision for leave benefits (long term)	5,26,897	4,79,735
Provision for tax	–	70,80,591
	5,26,897	**75,60,326**
Note 15		
Deferred Tax (Liabilities)/Assets (Net)		
Tax effect of items constituting Deferred Tax Liabilities	(41,32,077)	(12,19,429)
Tax effect of items constituting Deferred Tax Assets	45,52,733	45,52,733
	4,20,656	**33,33,304**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Note 16		
Financial Liabilities - Borrowings - Current		
Deferred sales tax loan (unsecured) – Due within one year	–	49,47,308
	–	**49,47,308**
Note 17		
Financial Liabilities - Trade Payables - Current		
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,09,88,62,533	52,63,79,567
	1,09,88,62,533	**52,63,79,567**
Note 18		
Financial Liabilities - Others - Current		
Unpaid Dividend	62,32,518	45,76,208
Accrued liabilities for expenses	2,74,31,566	28,99,679
Derivative Liability	34,62,282	98,29,664
	3,71,26,366	**1,73,05,551**
Note 19		
Non Financial Liabilities - Others - Current		
Statutory remittances	5,66,202	52,48,548
Employee related liabilities	3,03,811	1,07,832
Others	13,33,881	18,06,193
	22,03,894	**71,62,573**
Note 20		
Provisions - Current		
Provision for gratuity (short term)	3,46,173	1,37,517
Provision for leave benefits (short term)	45,802	40,285
	3,91,975	**1,77,802**
Note 21		
Current Tax Liabilities		
Provision for Tax (Net of Advance Tax ₹ 4,80,02,000) (Net of Advance Tax ₹ 8,91,19,812 as at 31st March, 2017)	1,36,33,000	31,76,140
	1,36,33,000	**31,76,140**

	31st March, 2018 ₹	31st March, 2017 ₹
Note 22		
Revenue from operations		
Sale of products (traded goods)		
Vinyl Acetate Monomer	3,62,31,36,990	2,82,68,26,419
Other operating revenue		
Discount received	12,86,47,214	9,71,25,682
Insurance claims received	76,312	31,83,119
	3,75,18,60,516	**2,92,71,35,220**
Note 23		
Other income		
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	2,35,91,958	4,00,95,963
Miscellaneous income		
Miscellaneous receipts	10,48,490	16,17,491
	3,95,71,829	**4,18,33,454**
Note 24		
Purchase of traded goods		
Vinyl Acetate Monomer	3,89,41,07,558	2,69,60,42,594
	3,89,41,07,558	**2,69,60,42,594**
Note 25		
(Increase)/Decrease in inventories of traded goods		
Inventories at the beginning of the year	17,71,41,208	24,84,38,514
Less: Inventories at the end of the year	55,34,95,999	17,71,41,208
	(37,63,54,791)	**7,12,97,306**
Note 26		
Employee benefits expenses		
Salary, wages, allowances, bonus etc.	3,00,00,212	2,45,23,209
Contribution to provident and other funds	11,24,428	7,86,586
Staff welfare expenses	2,82,976	5,58,963
	3,14,07,616	**2,58,68,758**
Note 27		
Finance costs		
Interest expense	1,97,721	1,906
Bank charges	5,98,389	2,86,112
	7,96,110	**2,88,018**

	31st March, 2018 ₹	31st March, 2017 ₹
Note 28		
Other expenses		
Insurance	11,46,620	6,73,847
Rent	52,800	52,800
Rates & Taxes	7,100	6,240
Repairs to others	96,154	41,043
Printing and stationery	37,775	19,702
Postage and telephone	1,38,289	1,31,425
Travelling and conveyance	6,15,269	5,35,495
Motor car expenses	7,64,593	7,59,244
Selling expenses	49,34,046	21,85,818
Directors' sitting fees	4,39,500	3,91,000
Commission to non-executive directors	10,00,000	10,00,000
Payments to auditor (refer details below)	4,56,400	5,89,500
Exchange loss on foreign currency transactions and translation (net)	4,25,41,968	27,58,900
Net loss arising on financial assets/liabilities designated as at FVTPL (Fair Value Through Profit or Loss)	–	1,50,01,468
Contribution towards C.S.R.	25,00,000	25,00,000
Miscellaneous expenses	55,21,273	1,44,98,187
	6,02,51,787	**4,11,44,669**
Payments to auditor		
As auditor		
Audit fee	2,50,000	2,87,500
Tax audit fee	42,500	97,950
VAT audit fee	50,000	57,500
In other capacity		
For other services (certification fees)	1,13,900	1,46,550
	4,56,400	**5,89,500**
Note 29		
Other Comprehensive Income		
Actuarial (gains)/losses	(1,21,780)	4,46,359
Less: Tax effect on Other Comprehensive Income	(42,136)	1,54,440
	(79,644)	**2,91,919**
Note 30		
Contingent liabilities not provided for		
1) Claims against the Company not acknowledged as debts comprise of:		
i) Income Tax demands against the Company not provided for and relating to issues of deductions in respect of which the Company is in appeal	4,58,439	25,30,070
ii) Sales Tax claims disputed by the Company relating to issue of declaration forms, set-off & classification of sales	6,92,83,362	7,93,31,788
2) Guarantees	–	1,10,85,000

Note 31

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.

	31st March, 2018	31st March, 2017
Note 32	₹	₹

Related party disclosures :

Related party disclosures as required by Ind-AS 24 " Related Party Disclosure" are given below:

i. Names of related parties and relationship:

a. Pidilite Industries Limited – Promoter Company (holds 40.64% of equity shares of the Company)

b. Pidilite Speciality Chemicals Bangladesh Private Limited – Subsidiary of Promoter Company

c. Pidilite Industries Egypt (SAE) – Subsidiary of Promoter Company

ii. Key Managerial Personnel – Shri M.B. Parekh, Chairman & 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 and Smt.Y.J. Mogrelia

iv. Transactions with related parties are as follows:

a. Sales and related income (including tax)		
i) Pidilite Industries Limited	3,64,71,10,493	2,63,16,43,439
ii) Pidilite Speciality Chemicals Bangladesh Private Limited	1,05,62,964	–
iii) Pidilite Industries Egypt (SAE)	46,55,499	–
b. Sitting fees to directors	4,39,500	3,91,000
c. Commission to directors	10,00,000	10,00,000
d. Commission to managing director	75,00,000	51,00,000
e. Payment to Chief Financial Officer	23,90,580	21,24,932
f. Outstanding balance :		
Debtors		
Pidilite Industries Limited	60,86,58,368	32,81,57,348

Except 32(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.

	31st March, 2018 ₹	31st March, 2017 ₹
Note 33		
Earnings per share		
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	11,66,59,959	8,71,59,798
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	6.36	4.75

Note 34

Segment information

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

Note 35

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 LIC 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:

	31st March, 2018 ₹	31st March, 2017 ₹
(i) Contribution to Provident Fund	4,43,482	3,78,603
(ii) Contribution to Employees' Superannuation Fund	91,836	86,220
(iii) Contribution to Employees' Pension Scheme 1995	1,86,330	1,55,076
(iv) Contribution to National Pension Scheme	61,224	62,270
	7,82,872	**6,82,169**

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:

	Valuations as at 31st March, 2018	31st March, 2017
(i) Discount Rate (per annum)	7.56%	7.12%
(ii) Rate of increase in Compensation levels (per annum)	6.50%	6.50%
(iii) Expected Rate of Return on Assets	7.56%	7.12%
(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, 2018 Gratuity Funded ₹	31st March, 2017 Gratuity Funded ₹
Changes in Present value of Obligation		
(a) Opening Present value of Obligation	33,19,717	28,52,725
(b) Interest Cost	2,36,364	2,23,939
(c) Service Cost	3,30,823	1,36,858
(d) Benefits Paid	–	(3,14,769)
(e) Actuarial (Gain)/Loss	(1,33,257)	4,20,964
(f) Closing Present value of Obligation	37,53,647	33,19,717
Changes in Fair value of Plan Assets		
(a) Opening Fair value of Plan Assets	31,82,201	32,65,985
(b) Expected Return on Plan Assets	(11,477)	(25,395)
(c) Actuarial Gain/(Loss)	–	–
(d) Employer's contributions	10,177	–
(e) Interest income	2,26,573	2,56,380
(f) Benefits paid	–	(3,14,769)
(g) Closing Fair value of Assets	34,07,474	31,82,201
Actual Return on Plan Assets		
(a) Expected Return on Plan Assets	(11,477)	(25,395)
(b) Actuarial Gain/(Loss) on Plan Assets	–	–
(c) Actual Return on Plan Assets	(11,477)	(25,395)
Administered by Life Insurance Corporation of India	34,07,474	31,82,201
Reconciliation of the Present Value of Defined Present Obligations and Fair Value of Assets		
(a) Closing Present value of Funded Obligation	37,53,647	33,19,717
(b) Closing Fair value of Plan Assets	34,07,474	31,82,201
(c) Funded Asset/(Liability) recognised in the Balance Sheet (b-a)	**(3,46,173)**	**(1,37,516)**
Amounts recognized in the Balance Sheet		
(a) Closing Present value of Obligation	(37,53,647)	(33,19,717)
(b) Closing Fair value of Plan Assets	34,07,474	31,82,201
(c) Asset/(Liability) recognized in the Balance Sheet (a+b)	**(3,46,173)**	**(1,37,516)**

	31st March, 2018 Gratuity Funded ₹	31st March, 2017 Gratuity Funded ₹
Expenses recognized in the Statement of Profit and Loss and OCI		
(a) Service Cost	3,30,823	1,36,858
(b) Interest Cost	9,791	(32,441)
(c) Total Expenses recognized in the Statement of Profit and Loss	3,40,614	1,04,417
(d) Expected Return on Plan Assets	11,477	25,395
(e) Net Actuarial (Gain)/Loss recognised in OCI	(1,33,257)	4,20,964
(f) Total Expenses recognized in Comprehensive Income	(1,21,780)	4,46,359
(g) Total Expenses recognized in Profit & Loss & OCI (c+f)	**2,18,834**	**5,50,776**
Sensitivity Analysis		
Defined Benefit Obligation		
Discount Rate		
Discount Rate - 1%	2,54,305	2,59,260
Discount Rate + 1%	(2,30,282)	(2,33,062)
Salary Increase Rate		
Rate - 1%	(1,58,277)	(2,36,454)
Rate + 1%	1,68,279	2,58,294

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 plan's 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.

			31st March, 2018 ₹	31st March, 2017 ₹
Note 36				
Deferred taxation				
Deferred tax asset / (liability)				
Balance as per last financial statement			**33,33,304**	**(30,08,857)**
Due to depreciation on fixed assets			8,976	7,849
Due to provision for doubtful debts			–	11,43,804
Due to Ind AS adjustments			(29,21,624)	51,90,508
Net (debit)/credit to Profit & Loss			(29,12,648)	63,42,161
Closing balance			**4,20,656**	**33,33,304**

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

Note 37

Details of Option/Forward Contracts and Unhedged foreign currency exposure

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

Particulars	**Purpose**		
US$1,77,02,777.00 (previous year US$83,84,339.68)	Import of trading goods	1,15,38,67,005	54,33,89,055

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

Particulars	**Purpose**		
US$10,76,758.83 (previous year US$ 21,80,796.21)	Import trade payables	7,01,83,141	14,13,37,402

Note 38

Expenditure in foreign currency

C.I.F. value of traded goods	3,80,64,63,077	2,55,96,87,628

Note 39

Earnings in foreign exchange

Export of goods on FOB basis	1,52,18,463	–
Insurance claims received	76,312	31,83,119
Rebate/Price adjustment received	12,86,47,214	9,71,25,682
	14,39,41,989	**10,03,08,801**

Note 40

Financial Instruments

i. Capital Management

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. Categories of financial instruments

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Financial assets		
Measured at fair value through profit or loss (FVTPL)		
(i) Investments in Mutual funds	33,82,36,110	38,54,74,866
Measured at amortised cost		
(i) Trade Receivables	77,49,60,623	45,68,76,749
(ii) Cash and cash equivalents	1,47,85,062	22,13,809
(iii) Bank balances other than (ii) above	56,19,350	45,76,206
(iv) Security deposits*	15,000	15,000
*Included in Other current assets.	**1,13,36,16,145**	**84,91,56,630**
Financial liabilities		
Measured at fair value through profit or loss (FVTPL)		
Foreign exchange option/forward contracts	34,62,282	98,29,664
Measured at amortised cost (including Trade payables)		
(i) Borrowings	49,47,308	49,47,308
(ii) Trade payables	1,09,88,62,533	52,63,79,567
(iii) Other Financial Liabilities	3,36,64,084	1,73,05,551
	1,14,09,36,207	**55,84,62,090**

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 v 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:

	Currency option contract value in Foreign Currency		Value (₹)	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Amounts payable in foreign currency on account of the following:				
USD	1,58,82,261	83,84,340	1,15,38,67,005	54,33,89,055
Average Exchange rate USD - Buy (₹ per USD)			64.50	67.08

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 2% increase and decrease in the Rupee 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 Rupee weakens 2% against USD. For a 2% strengthening of the Rupee against USD, there would be a comparable impact on the profit or equity and the balances below would be positive.

	USD IMPACT	
	2017-2018	2016-2017
	₹	₹
Impact on profit or loss for the year	(2,07,04,115)	(1,08,99,642)

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 Gain of ₹ 63,67,382 (Loss of ₹ 1,11,40,545 in 2016-17).

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.

In addition, the Company is exposed to credit risk in relation to guarantees given by banks on behalf of the Company. The Company’s maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on and the bank recovers the amount from the Company [see note 30(2)].

These financial guarantees have been issued by banks on behalf of the Company to Sales Tax Department.

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 31st March, 2018 ₹	As at 31st March, 2017 ₹
Secured Bank Overdraft / WCDL facility / Term Loan		
- amount used	–	–
- amount unused	9,00,00,000	9,00,00,000
	9,00,00,000	**9,00,00,000**

As regards the Company's remaining contractual maturity for its non-derivative and derivative financial liabilities with agreed repayment periods, the remaining maturity period of all such liabilities of the Company is less than one year.

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.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31st March, 2018 ₹	31st March, 2017 ₹		
1) Foreign currency option/forward contracts	34,62,282 (Liability)	98,29,664 (Liability)	Level 2	Mark to market values acquired from banks, with whom the Company contracts.
2) Investment in Mutual Funds	33,82,36,110	38,54,74,866	Level 1	Quoted bid prices in active market

Financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Note 41

Taxes

i. Deferred Tax:
2017- 2018

Deferred tax assets/(liabilities) in relation to:

	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)
	33,33,304	**(29,12,648)**	**4,20,656**

2016-2017

Deferred tax assets/(liabilities) in relation to:

Foreign exchange derivatives	(4,45,700)	38,54,629	34,08,929
Current investments	(24,95,841)	13,35,879	(11,59,962)
Provision for doubtful debts	–	11,43,804	11,43,804
Property, plant and equipment	(67,316)	7,849	(59,467)
	(30,08,857)	**63,42,161**	**33,33,304**

ii. Income taxes relating to continuing operations:

	Year ended as at 31st March, 2018 ₹	Year ended as at 31st March, 2017 ₹
Income tax recognised in profit or loss:		
Current tax		
In respect of the current year	6,15,92,864	5,34,54,440
Deferred tax		
In respect of the current year	29,12,648	(63,42,161)
Total income tax expense recognised in the current year relating to continuing operations	**6,45,05,512**	**4,71,12,279**

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

	Year ended as at March 31, 2018 ₹	Year ended as at March 31, 2017 ₹
Profit before tax from continuing operations	18,11,65,471	13,42,72,077
Income tax expense calculated at 34.60% (2016-2017: 34.60%)	6,26,83,253	4,64,58,139
Effect of expenses that are not deductible in determining taxable profit:		
CSR Expenses (50%)	4,32,500	4,32,500
Tax effect on item in OCI	(42,136)	1,54,440
Interest under Income Tax	13,96,597	–
Additional provision made during the year	35,298	67,200
Income tax expense recognised in profit or loss (relating to continuing operations)	**6,45,05,512**	**4,71,12,279**

Note 42

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 23rd May,2018. 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 43

These financial statements have been approved by the Board of Directors of the Company in the meeting held on 23rd May, 2018.

Note 44

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 45

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

Ketan Panchmia
Partner
Mem.No. 038985

Place : Mumbai
Dated: 23rd May, 2018

For and on behalf of the Board

P.C. Patel	**M.B. Parekh**
President & Secretary	Chairman & Managing Director
M.S. Gayatonde	**N.K. Parekh**
Chief Financial Officer	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 2017-2018, 4 Board Meetings were held on 17th May, 2017, 24th July, 2017, 9th November, 2017 and 23rd January, 2018.

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), number of other Directorships and other Committee positions as on 31st March, 2018 are given below:

Sr. No.	Name & Directors Identification No. (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 @	
						Memberships	Chairmanships
1	Shri M.B.Parekh (Chairman & Managing Director) DIN: 00180955	ED (P)	4	Yes	10	1	–
2	Shri N.K. Parekh DIN: 00111518	NED (P)	4	No	10	1	–
3	Shri R.M.Gandhi DIN: 00029437	NED (I)	3	Yes	3	1	3
4	Smt Y.J. Mogrelia DIN:00112002	NED (I)	4	Yes	–	–	–
5	Shri A.D. Mavinkurve DIN: 00631566	NED (I)	4	Yes	–	–	–

*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.

The number of equity shares of face value of ₹ 1 each of the Company held by Non-Executive Directors as on 31st March, 2018 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 Listing Regulations is uploaded on the website of the Company www.vinylchemicals.com.

3. Independent Directors' Meeting:

In accordance with the provisions of Schedule IV (Code for Independence Directors) of the Companies Act, 2013 and Regulation 25(3) of Listing Regulations, a meeting of the Independent Directors of the Company was held on 22nd January, 2018.

4. Audit Committee:

The Composition of the Audit Committee, its power and terms of references 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.

During the Financial Year 2017-2018, 4 meetings of the Committee were held on 17th May, 2017, 24th July, 2017, 9th November, 2017 and 23rd January, 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 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

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 30th August, 2017.

5. 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 & Part D of Schedule II of the Listing Regulations. During the Financial Year 2017-2018, one meeting of the Committee was held on 17th May, 2017, which was attended by all the members of the Committee. The Company has formulated Remuneration Policy for Directors, Key Managerial Personnel (KMPs) and all Senior Management Personnel and the same is available on the Company's website of the Company 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 are given below:

Sr. No.	Name	Designation	Category
1	Shri R.M. Gandhi	Chairman	NED (I)
2	Smt Y.J. Mogrelia	Member	NED (I)
3	Shri A.D. Mavinkurve	Member	NED (I)
4	Shri N.K. Parekh	Member	NED (P)

Shri M.B. Parekh is the Managing Director having tenure of 5 years w.e.f 1st April, 2017. The Commission payable to Shri M.B. Parekh for the Financial Year 2017-2018 is ₹ 75,00,000.

Notice period for the Managing Director is as applicable to the senior employees of the Company. No severance fee is payable to the Directors on termination of employment. The Company does not have a scheme for stock options for the Directors or the employees.

The 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 31st March, 2018 are as follows:

Sr. No.	Name	Sitting Fees (₹)	Commission (₹)	Total (₹)
1	Shri N.K. Parekh	1,14,000	2,50,000	3,64,000
2	Shri R.M. Gandhi	1,36,500	2,50,000	3,86,500
3	Smt Y.J. Mogrelia	1,08,000	2,50,000	3,58,000
4	Shri A.D. Mavinkurve	81,000	2,50,000	3,31,000

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 1st 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.

6. Stakeholders Relationship Committee:

The Composition of the Stakeholders Relationship 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 2017-2018, 12 meetings of the Share Transfer Committee were held and 1 meeting of the Stakeholders Relationship Committee was held on 22nd January, 2018, which was attended by Shri A.D. Mavinkurve and Shri R.M.Gandhi.

The details of composition of the Stakeholders Relationship Committee are given below:

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

The Committee is empowered to look into redressal of 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 grievance/correspondence generally within a period of 15 days from the date of receipt.

The total numbers of letters received from the shareholders were 1082 of which 404 were in the nature of complaints. All the letters have been replied to and all the complaints have been solved to the satisfaction of shareholders. 2 request for transfer of shares and 8 requests for dematerialization of shares were pending for approval as on 31st March, 2018, which were dealt with by 16th April, 2018 and 9th April, 2018 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.

7. 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 2017-2018, the Committee met twice on 17th May, 2017 and 9th November, 2017 which was attended by all the members of the Committee.

The details of composition of the Committee are given below:

Sr. No.	Name	Designation	Category
1	Shri N. K. Parekh	Chairman	NED (P)
2	Shri R.M. Gandhi	Member	NED (I)
3	Shri M.B. Parekh	Member	ED (P)

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.

8. 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
2016-2017	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.	30th August, 2017 at 11:00 a.m.	Nil
2015-2016	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.	1st September, 2016 at 11.00 a.m.	(a) Continuation of appointment of Shri M.B. Parekh as Managing Director on attaining the age of 70 years on 26th August, 2016 for remaining period of his term until 31st March, 2017. (b) Re-appointment of Shri M.B. Parekh as Managing Director for the further period of 5 years w.e.f 1st April, 2017. (c) Payment of commission not exceeding 1% of Net Profit to Non-Executive Directors.
2014-2015	M.C. Ghia Hall Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001.	2nd September, 2015 at 11.00 a.m.	Nil

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.

9. 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.

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

10. Information for Shareholders:

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

11. 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.
- 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.
- The Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company hedges imports through appropriate Forward Contracts or Zero Cost Options to manage the currency risk in cross border transactions. The Company does not have any foreign currency debt. The details of foreign currency exposures are disclosed in the Notes to the Financial Statements.

12. 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 Company's website, the same are not being sent to the shareholders.

(c) The company's financial statements for the Financial Year ended 31st March, 2018 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.

13. 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.

14. 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 31st March, 2018."

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
Vinyl Chemicals (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Vinyl Chemicals (India) Limited ("the Company") for the year ended 31st March, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D & E of Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to review of procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representation made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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 and on behalf of

KHANNA & PANCHMIA
Chartered Accountants
Firm Registration No. 136041W

Ketan Panchmia
Partner
Membership No. 038985

Mumbai
Dated: 23rdMay, 2018

INFORMATION FOR SHAREHOLDERS

1. Annual General Meeting:

Day, Date & Time : Friday, 31st August, 2018 at 11:00 a.m.

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

2. Financial Year : 1st April, 2017 to 31st March, 2018

3. Book Closure Date : 21st August, 2018 to 31st August, 2018 (both days inclusive) (for shares held in physical form)

4. Dividend Payment:

Dividend will be paid to the eligible shareholders on or after 4th September, 2018, 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 & NSE.

6. Stock Codes:

Name of the Stock Exchange	Stock Code
BSE	524129
NSE	VINYLINDIA

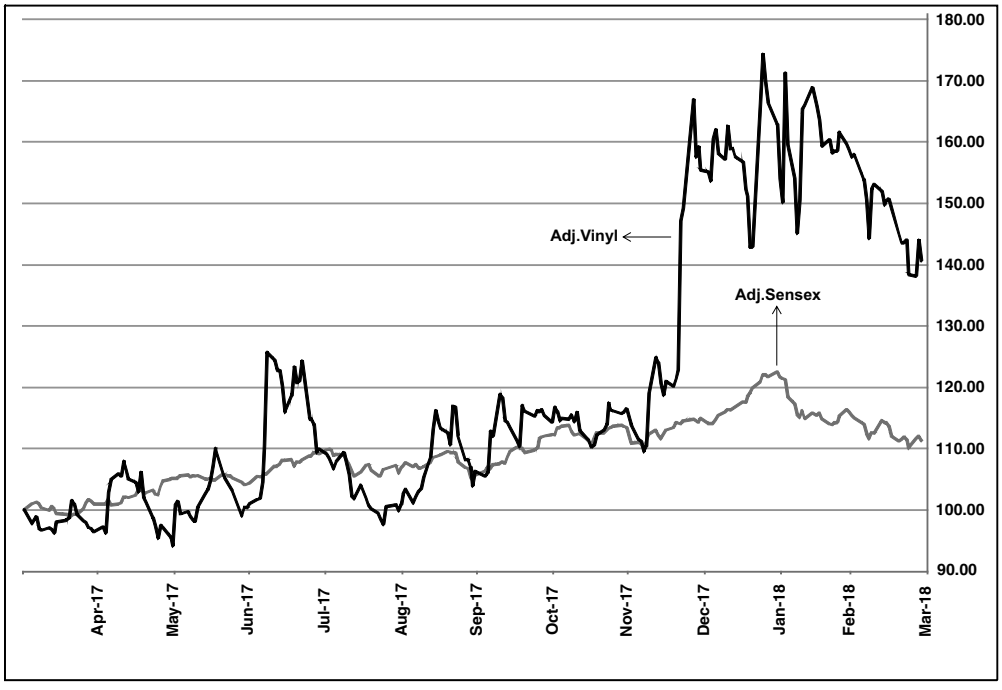
7. Market Price Data:

During the Financial Year 2017-2018, 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, 2017	73.50	67.00	73.70	67.05
May, 2017	77.00	66.50	77.80	62.30
June, 2017	79.50	68.40	79.50	68.50
July, 2017	97.00	71.00	96.50	70.80
August, 2017	79.00	68.35	79.65	68.10
September, 2017	89.70	70.00	89.25	70.00
October, 2017	86.95	73.80	86.70	73.25
November, 2017	86.00	76.60	85.48	76.40
December, 2017	122.30	76.00	121.90	77.00
January, 2018	130.95	96.00	131.70	96.00
February, 2018	123.50	95.00	123.70	92.90
March, 2018	113.40	96.00	113.35	96.30

8. Stock Performance:

During the Financial Year 2017-2018, the performance of the equity share of face value of ₹ 1 each of the Company in comparison to the BSE Sensex is given in the chart below:



9. Registrar and Transfer Agents:

TSR Darashaw 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:

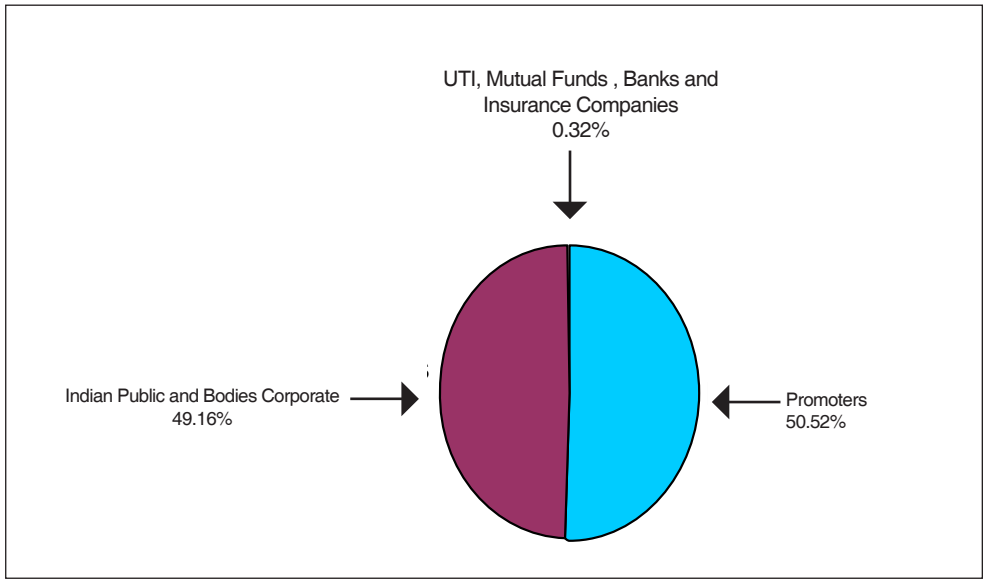
No. of shares	Authorization given to
Upto 25,000	TSR Darashaw Ltd.
Upto 50,000	Shri M.B. Parekh, Managing Director or in his absence, the Company Secretary
Above 50,000	Share Transfer Committee comprising of the Directors viz. Sarva Shri N.K. Parekh, R.M. Gandhi and M.B. Parekh

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 31st March, 2018:

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 5,000	21,993	99.16	65,80,964	35.89
5,001 – 10,000	104	0.47	7,63,172	4.16
10,001 – 20,000	36	0.16	5,21,790	2.85
20,001 – 30,000	17	0.08	4,32,335	2.36
30,001 – 40,000	10	0.04	3,63,311	1.98
40,001 – 50,000	6	0.03	2,66,447	1.45
50,001 – 1,00,000	6	0.03	4,12,128	2.25
1,00,001 and above	6	0.03	89,96,964	49.06
Total	**22,178**	**100.00**	**1,83,37,111**	**100.00**
No. of shareholders and shares in physical form	5,873	26.48	11,20,290	6.11
No. of beneficial owners and shares in electronic form	16,305	73.52	1,72,16,821	93.89
Total	**22,178**	**100.00**	**1,83,37,111**	**100.00**

12. Shareholding Pattern as on 31stMarch, 2018:



13. Dematerialisation of shares & liquidity:

As on 31st March, 2018, 1,72,16,821 (93.89%) 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. Plant Locations: Nil

16. Address for Correspondence:

Registered Office:
Regent Chambers, 7th 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

17. Corporate Secretarial/Investors' Assistance Department:

The Company's Secretarial Department headed by Shri P.C. Patel, President & Secretary, is situated at the Registered Office 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.

18. 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 31st March, 2018 are as under:

Particulars	No. of Records	No. of Equity Shares
No. of shareholders & outstanding shares at the beginning of the year	1,697	2,56,348
No. of requests received from shareholders for transfer of shares during the year	8	1,995
No. of shareholders & shares transferred to shareholders during the year	8	1,995
No. of Records & shares transferred to IEPF Authority during the year	1,459	2,19,053
No. of shareholders & outstanding shares at the end of the year	230	35,300

19. 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 2017-2018, in compliance with the above requirement, 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 ₹ 1,01,694 and corresponding 4,62,779 shares pertaining to the Financial Year 2009-2010 to the IEPF Authority. The Company has uploaded the said details on its website www.vinylchemicals.com and also on the website of IEPF Authority www.iepf.gov.in.

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 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, 7th 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)

D.P. Id	
Client Id	

Folio No.	
No. of Shares held	

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 32nd ANNUAL GENERAL MEETING of the Company on Friday, the 31th August, 2018 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.

Ordinary Business:

1	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31st March, 2018
2	Ordinary Resolution for declaration of Dividend on Equity Shares
3	Special Resolution for re-appointment of Shri N.K. Parekh as a Director
Special Business:	
4	Special Resolution for adoption of new Articles of Association
5	Special Resolution for continution of the appointment of Shri R. M. Gandhi as Non-Executive Independent Director

Affix ₹ 1 Revenue Stamp

Signed this _____ day of _____ 2018

(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.