

SUNSHIELD
CHEMICALS LIMITED

**24TH ANNUAL REPORT
FOR THE YEAR ENDED ON 31ST MARCH 2011**



SUNSHIELD CHEMICALS LIMITED

BOARD OF DIRECTORS

Amit C. Choksey	Chairman
Ashok R. Datar	Director
Bipin V. Jhaveri	Director
Dhiren P. Mehta	Director
Manubhai G. Patel	Director
Sandeep H. Junnarkar	Director
Satish M. Kelkar	Vice Chairman & Director
Shreerang R. Belgaonkar	Wholetime Director

COMPANY SECRETARY

Amit A Kumashi

REGISTERED & ADMINISTRATIVE OFFICE

N.K.M. International House,
178, Backbay Reclamation,
Babubhai Chinai Marg,
Mumbai – 400 020
Tel. No.: 022- 61457000
Fax No.: 022- 22838291

AUDITORS

M/s. Tembey & Mhatre
Chartered Accountants

FACTORY / R & D CENTRE

Pali-Khopoli Road, Village Rasal, Taluka
Sudhagad, Dist. Raigad, Maharashtra
Tel No.: 02142-242226

BANKERS

Bank of Baroda
The Saraswat Co-op. Bank Ltd.
State Bank of India

REGISTRAR & SHARE TRANSFER AGENTS

TSR Darashaw Ltd. 6-10,
Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011.
Tel. 022-66568484 • Fax No. 022-66568494

SOLICITORS

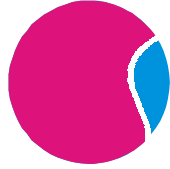
M/s. Junnarkar & Associates
Advocates, Solicitors & Notary

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**SUNSHIELD
CHEMICALS LIMITED**

Persons constituting group within the definition of “group” for the purpose of Reg 3(1)(e) (i) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation 1997.

- 1. Amit Champaklal Choksey**
- 2. Aeonian Investments Company Limited**
- 3. Abhiraj Trading & Investments Private Limited**
- 4. Priti Choksey**
- 5. Satish Manohar Kelkar**
- 6. Neokel Investments Private Limited**
- 7. Kelkar Chemicals Private Limited**
- 8. Mrinalini Kelkar**
- 9. Radhika Bawa**

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of **Sunshield Chemicals Limited** will be held on **Tuesday, 26th July, 2011 at 11.30 A.M. at M. C. Ghia Hall, Bhoghilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 023** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended March 31, 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Ashok R Datar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Manubhai G Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Tembey & Mhatre, Chartered Accountants, Mumbai as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**;

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 317 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and / or any statutory modification or re-enactment thereof from time to time and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Shreerang R Belgaonkar as Wholetime Director of the Company for a period of three years with effect from 24th July 2011 on terms and conditions including remuneration as set out here under:

- I. (a) Salary: ₹ 64,800/- (Rupees Sixty Four Thousand Eight Hundred Only) per month.
- (b) Perquisites: Perquisites are classified into three categories “A”, “B”, and “C” as follows:

Part “A”

House Rent Allowance: ₹ 32,400/- (Rupees Thirty Two Thousand Four Hundred only) per month.

Education Allowance: ₹ 54,000/- (Rupees Fifty Four Thousand Only) per month.

Medical Reimbursement: Reimbursement of medical expenses incurred by the Whole Time Director for self and family not exceeding ₹ 25,000/- (Rupees Twenty Five Thousand Only) per annum.

Leave Travel Concession: Reimbursement of Leave Travel Concession for Whole Time Director and his family, once in a year not exceeding ₹ 1,00,000/- (Rupees One Lakh Only) in accordance with Rules in force from time to time in the Company.

MediClaim Insurance and Personal Accident Insurance: Reimbursement of Medi-Claim insurance and Personal Accident insurance premium, not exceeding ₹ 25,000/- (Rupees Twenty Five Thousand Only) per annum.

Performance Incentive: As may be decided by Board of Directors including Committee(s) thereof, not exceeding ₹ 4,50,000/- (Rupees Four Lakhs Fifty Thousand only) per annum from year 2011-12 onwards.

Part “B”

Provident Fund: Benefits as per the scheme of the Company.

Gratuity: Benefits in accordance with rules and regulations in force in the Company

Part “C”

Car: Provision of Company's car along with chauffeur, both for official and personal use of the Wholetime Director.

Mobile: Mobile bills will be reimbursed by the Company.

(c) OTHER BENEFITS

Leave: Leave with full pay and allowance in accordance with rules and regulations in the Company in force from time to time.

Leave encashment: In accordance with the rules and regulations in the Company in force from time to time, permitted at the end of the tenure.

Benefits under loan and other schemes in accordance with practices, rules and regulations in force in the Company for time to time. Such other benefits and amenities as may be provided by the Company from time to time to other officers and managers of the Company.

- II. Board of Directors, including Committee(s) thereof may determine annual increment, effective from 1st July every year not exceeding 8% of Basic pay, House Rent Allowance and Education Allowance subject to the Schedule XIII limits and other applicable provisions of the Act

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company shall pay to Shri Shreerang Belgaonkar, Wholetime Director, remuneration by way of salary, perquisites and allowances, not exceeding the limits laid down in Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors, after obtaining recommendation of their Remuneration Committee;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, amend, vary, enhance or modify the scope and quantum of remuneration including salary, commission, perquisites, allowances etc. of Shri Shreerang Belgaonkar within the limits prescribed under Schedule XIII of the Companies Act 1956 or any amendment thereto or re-enactment thereof for the time being in force;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in their absolute discretion as they may consider necessary or expedient to give effect to this resolution and also to revise the remuneration of the Whole Time Director upward within the limits stipulated in the Companies Act, 1956, read with its schedules and rules.”

By Order of the Board of Directors
For SUNSHIELD CHEMICALS LIMITED

Amit Kumashi
Company Secretary

Mumbai, 10th May, 2011

Registered Office:

N. K. M. International House,
178, Backbay Reclamation,
Babubhai Chinai Marg,
Mumbai – 400 020.

NOTES:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend a Proxy to attend and, on a poll, vote instead of himself/herself. A Proxy need not be a Member of the Company. Proxies to be effective should be deposited at the Registered Office of the Company not later than forty-eight hours before the commencement of the meeting.
2. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General meeting.

3. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.
4. Profile of the Directors seeking re-appointment, as required in terms of clause 49 of the Listing agreement entered into with Stock Exchange, is annexed to this Notice.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from **Tuesday, 19th July, 2011 to Tuesday, 26th July, 2011** (both days inclusive).
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries in writing to the Compliance officer of the Company at its Registered Office so as to reach at least seven days before the date of the meeting.
7. Members are requested to send their demat/remat applications, request for share transfers, intimation of change of address and other correspondence to the Company's Registrar & Transfer Agents, M/s. TSR Darashaw Ltd. having its Office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its member. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

Members who hold shares in physical form should send a scanned copy of their letter requesting for registering/ changing their existing email ID bearing the signature of Sole/First shareholder on csg-green@tsrdarashaw.com or write to Registrar and Share Transfer Agents of the Company at their following address and inform their email ID quoting their folio number. The letter should be signed by Sole/First holder as per the specimen signature recorded with Registrar and Share Transfer Agents:

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

Annexure to Notice

I. Explanatory Statement under Section 173 of the Companies Act, 1956

Item No. 5

The Board of Directors of the Company at their meeting held on 10th May 2011, have, in accordance with the provisions of Articles of Association of the Company and subject to the approval of the shareholders in the General Meeting and that of the Central Government, if required under the provisions of the Companies Act, 1956, sought to reappoint Shri Shreerang Belgaonkar as Wholetime Director, for a further period of 3 (Three) years, effective from 24th July 2011 on terms and conditions as stated in the resolution.

Shri Shreerang Belgaonkar has been the Wholetime Director of the Company since 24th July, 2006 and the last appointment as approved by the shareholders was valid from 24th July, 2006 upto 23rd July, 2011.

Shri Shreerang Belgaonkar holds a Bachelors Degree in Chemical Engineering and has more than 25 years of experience in Specialty Chemical business. Shri Belgaonkar has rich experience and deep knowledge about Specialty Chemicals and has immensely contributed to the growth of the Company by his incisive and broad based knowledge of Specialty Chemicals by user Industries requirements.

The remuneration will be payable effective from 1st July 2011 onwards to Shri Belgaonkar in the event of inadequate or no profits of the Company. The proposed resolution which seeks the approval of the Shareholders in general meeting is to be passed as a Special Resolution.

As the revised remuneration, computed based on the 'effective capital' of the Company as on 31st March 2011, will be payable to Shri Belgaonkar on account of inadequate or no profits of the Company, in compliance with sub-para (B) of Para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956, the following disclosures are made:

I. GENERAL INFORMATION:

- (1) Nature of Industry : Specialty Chemicals
- (2) Date of Commencement of Commercial Production :- 1986
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.

- (4) Financial performance based on given indicators

(₹ in lakhs)

Particulars	Financial year 2008-09	Financial year 2009-10	Financial year 2010-11
Total Income	6370.26	6451.09	7982.07
Total Expenses	5946.01	5887.33	7523.63
Net Profit/ loss	365.88	294.16	150.10
Basic EPS	4.98	4.00	2.04

- (5) Export performance and foreign exchange collaborations: Export performance in the financial year 2010-11 was ₹ 4300.15 lakhs as compared to ₹ 3107.58 lakhs in 2009-10. Company does not have any foreign collaboration.

II. INFORMATION ABOUT THE APPOINTEE

- (1) Background details:

Shri Shreerang Belgaonkar holds a Bachelors Degree in Chemical Engineering and has more than 25 years of experience in Specialty Chemical business. Shri Belgaonkar has rich experience and deep knowledge about Specialty Chemicals and has immensely contributed to the growth of the Company by his incisive and broad based knowledge of Specialty Chemicals by user Industries requirements.

- (2) Past Remuneration:

The remuneration for 2010-11 as per the earlier agreement dated 6th August, 2010 made between Company and the Whole Time Director, is as follows:

- i. (a) Salary: ₹ 60,000/- (Rupees Sixty Thousand Only) per month.

- (b) Perquisites: Perquisites are classified into three categories "A", "B", and "C" as follows:

Part "A"

House Rent Allowance: ₹ 30,000/- (Rupees Thirty Thousand only) per month.

Education Allowance: ₹ 50,000/- (Rupees Fifty Thousand Only) per month.

Medical Reimbursement: Reimbursement of medical expenses incurred by the Whole Time Director for self and family not exceeding ₹ 25,000/- (Rupees Twenty Five Thousand Only) per annum.

Leave Travel Concession: Reimbursement of Leave Travel Concession for Whole Time Director and his family, once in a year not exceeding ₹ 1,00,000/- (Rupees One Lakh Only) in accordance with Rules in force from time to time in the Company.



MediClaim Insurance and Personal Accident Insurance: Reimbursement of Medi-Claim insurance and Personal Accident insurance premium, not exceeding ₹ 25,000/- (Rupees Twenty Five Thousand Only) per annum.

Performance Incentive: As may be decided by Board of Directors including Committee(s) thereof, not exceeding ₹ 4,50,000/- (Rupees Four Lakhs Fifty Thousand only) per annum from year 2010-11 onwards.

Part "B"

Provident Fund: Benefits as per the scheme of the Company.

Gratuity: Benefits in accordance with rules and regulations in force in the Company

Part "C"

Car: Provision of Company's car along with chauffeur, both for official and personal use of the Wholetime Director.

Mobile: Mobile bills will be reimbursed by the Company.

(c) OTHER BENEFITS

Leave: Leave with full pay and allowance in accordance with rules and regulations in the Company in force from time to time.

Leave encashment: In accordance with the rules and regulations in the Company in force from time to time, permitted at the end of the tenure.

Benefits under loan and other schemes in accordance with practices, rules and regulations in force in the Company for time to time. Such other benefits and amenities as may be provided by the Company from time to time to other officers and managers of the Company.

- II. Shri Shreerang Belgaonkar will be entitled to Performance Incentive of ₹ 3.50 lakhs as per Company's Performance Incentive Scheme for managers and managerial personnel for the year 2009-10.
- III. Board of Directors, including Committee(s) thereof may determine annual increment, effective from 1st April every year not exceeding 8% of Basic pay, House Rent Allowance and Education Allowance subject to the Schedule XIII limits and other applicable provisions of the Act.

(3) Job Profile and his suitability:

To manage the affairs of the Company under superintendence and control of Board of Directors.

Shri Shreerang Belgaonkar has rich experience and deep knowledge about Specialty Chemicals and has immensely contributed to the growth of the Company by his incisive and broad based knowledge of Specialty Chemicals industry.

(4) Remuneration proposed: As stated in the resolution.

(5) Comparative remuneration, profile with respect to industry, size of the company, profile of the position and persons

Shri Shreerang Belgaonkar has contributed immensely to the growth of the Company. The Remuneration Committee and Board after taking into account financial position, trend in the industry, his qualification and experience find the proposed remuneration to the Whole Time Director to be comparable to the remuneration profile with respect to Specialty Chemical Industry, size of our Company and the profile of the Whole Time Director.

(6) Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Shreerang Belgaonkar jointly owns 0.19% stake in the Company as of date. He does not have any pecuniary relationship with the Company other than the remuneration drawn as a Whole Time Director of the Company. He is not related to any managerial persons in the Company.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits:

There were number of increases in key Raw Material Prices and changes in landed costs, caused by adverse foreign exchange rates but the selling prices of finished products could not be raised without some time lag and thus there has been increased Raw Material Consumption cost. Similarly Power & Fuel cost increases were also material during the year, which could not be immediately transferred fully, to higher selling prices with internationally competitive markets.

In addition, the Company had to absorb higher interest cost to fund Capex and higher sales. As also, Company had to discharge its responsibility to pay off Interest free, Delayed Sales Tax deferrals, as per approved installment schedule, and this, in addition to current deferral dues.

(2) Steps taken or proposed to be taken for improvement:

Company has signed new extensions of sales arrangements, for increased sales, commissioned

increased capacity of production of THEIC & plans to strengthen its Anti-Oxidant range.

With higher production, Company expects to lower per unit production cost including economy in Oil & Fuel costs and achieve better economy of scale in general. Further, with higher use of Export credits, Company expects to have lower interest cost to sales ratio.

- (3) Expected increase in productivity and profits in measurable terms:

Company expects a growth in Specialty Chemicals tonnage because of increased capacity, and efficiency and reduced energy cost.

IV. DISCLOSURES

- The remuneration package of the Managerial Person is as disclosed in the resolution.
- The disclosures regarding remuneration package of the members of Board of Directors are also made in the section on "Corporate Governance Section" in the Annual Report.

In terms of the ceiling limits set out in Para B of Section II of Part II of Schedule XIII of the Companies Act, the approval of the members is sought for re-appointment and payment of remuneration to Shri Shreerang Belgaonkar through a Special Resolution.

The draft of the Agreement to be entered into by the Company with Shri Shreerang Belgaonkar is available for inspection by the members at the Registered Office of the Company between 11 A.M. and 1 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing General Meeting.

Your Directors recommend his appointment.

None of the Directors, except Shri Shreerang Belgaonkar, is in any way, concerned or interested in the proposed Special Resolution.

This Explanatory Statement together with accompanying Notice may also be regarded as an abstract of the terms of variation under Section 302 of the Companies Act, 1956.

Profile of the Directors being re-appointed as required under clause 49 of the Listing Agreement entered with Stock Exchange

Name: **Shri Ashok Datar**

Shri Ashok Datar (70) is B.A., M.A.(Economics) from Stanford University.

Shri Ashok Datar has over 30 years of Experience in Finance and Economics.

Shri Ashok Datar is a Director of the Company since 27th February, 1992. Shri Ashok Datar is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

He does not hold any Directorship and Committee Membership of other Public Limited Companies, as at 31st March 2011.

He is holding 500 (0.07%) Equity Shares of Rs. 10/- each of the company.

Name: **Shri Manubhai Patel**

Shri Manubhai Patel (76) is a Commerce Graduate and a Fellow Member of Institute of Chartered Accountant of India as also a Graduate in Law.

Shri Manubhai Patel has more than four decades of experience in the field of accounts, finance and taxation. He was a member of the Central Council of the Institute of Chartered Accountants of India (ICAI), New Delhi from 1980 to 1988 and active member of various Standing and Non-Standing Committees of the ICAI. He was the President of Income Tax Appellate Tribunal Bar Association, Ahmedabad for the years 1997-98 to 2000-01 and was a Member of Central Direct Tax Advisory Committee of the Government of India, New Delhi for the years 1986-90.

The Board of Directors had appointed Mr. Manubhai Patel as an Additional Director of the Company, liable to retire by rotation with effect from 21st April 2005. Shri Manubhai Patel is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

His Directorship and Committee Membership of other Public Limited Companies, as at 31st March 2011 is as follows;

Company	Position	Committee membership
Apcotex Industries Ltd	Director	Audit Committee (Chairman) Remuneration Committee (Member) Investor Grievance Committee (Chairman)
Aeonian Investment Company Limited	Director	Audit Committee (Chairman)
Banco Products (India) Limited	Director	—
Gujarat State Financial Services Limited	Director	Audit Committee (Chairman) Investment Committee (Member)

He is presently Chairman of the Audit Committee of the Board of Directors of the Company.

He does not hold any Shares in the Company.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to submit their 24th Annual Report and Audited Accounts for the year ended 31st March, 2011 incorporating Management's Discussion and Analysis of performance of your Company:

A. OVERVIEW OF FINANCIAL RESULTS

Highlights of Company's performance during the financial year 2010-11, is as under:

(₹ in Lakhs)

		2010-2011	2009-2010
Gross Sales	₹	8479	6800
Net Sales	₹	7901	6450
Net Sale by Volume	MT	7230	6661
Other Income	₹	81	1
Total Income	₹	7982	6451
Less : Materials Consumed	₹	5539	4271
Employees Remuneration & Benefits	₹	327	272
Manufacturing, Administrative, Selling & Other Expenses	₹	1248	989
Total Expenses	₹	7114	5532
Operating Profit (EBITDA)	₹	868	919
Less: Interest	₹	410	355
Profit Before Tax & Depreciation (Cash Profit)	₹	458	564
Less: Depreciation	₹	193	181
Net Profit before Tax	₹	265	383
Less: Tax Provision	₹	105	78
Net Profit after Tax	₹	160	305

B. MANAGEMENT'S DISCUSSION AND ANALYSIS : F.Y. 2010-2011

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Bombay)

I. The Company is operating only in one Segment, namely 'Specialty Chemicals'.

II. Industry Structure & Development :-

Your Company manufactures process chemicals that are formulated to meet requirements of industries and are known as "Specialty Chemicals" (SC)

Specialty Chemicals manufactured by the Company find extensive use in diverse range of Industries such as Wire Insulation Enamel, PVC stabilizers, Inks, Colours, Coatings, Textiles, Agro-chemicals, Plastics, Rubber and Latex, Tyre and Tubes, Lubricant and additives, and many more.

Some of these SC are Ethylene Oxide (EO) based derivatives, called Ethylene Oxide Condensates (EOC). For the EOC industry, EO is a vital input. EO is a product manufactured mainly for captive consumption by petrochemical complexes to produce MEG, a vital input for Polyester Fibre industry. Based on the captive requirements, petrochemical complexes allocate EO to EOC industry. EO is non importable by sea /air on account of transportation hazards because of its characteristics of low boiling point and explosive nature. Therefore, EO needs to be transported at controlled temperatures and under Nitrogen pressure, in specially designed road tankers. EOC Industry therefore depends entirely on domestic EO availability and Prices.



Besides, EOC based Specialty Chemicals; Company has also diversified into the manufacture of a range of Anti-Oxidants and certain other additives, which do not use EO. This range of, products is also required by a diverse group of industries in the field of Lubricants, Additives, Plastics, Polymers, Rubber, Tyre, Resins and other industries.

The Company is presently catering to the requirements of both the ranges of SC, for large domestic Companies and prime MNCs operating in North and South America; Germany, France, Italy, Netherlands, Turkey etc. in Europe; and also in Asian markets like Korea, Taiwan, Malaysia, Japan etc.

III. Operating and Financial Performance of the Company

Sales/ Income

(₹ in Lakhs)

	F.Y. 2010-2011	F.Y. 2009-2010	Change over Previous year
i) Domestic	4003	3536	13%
ii) Exports	4300	3108	39%
iii) Processing Income	176	156	13%
Gross Sales	8479	6800	24%
Less: Excise Duty	578	350	
Net Sales	7901	6450	22%
Other Income	81	1	
Total Income	7982	6451	24%

Pressure on Margins

1. Despite 24% growth in Net Operating Income, Profit before Tax came down from ₹ 383 Lakhs in 2009-10 to ₹ 265 Lakhs, during the financial year 2010-11. Following are the key factors for this decline in profits, mainly under the heads 'Material Consumption and Power & Fuel'

Against growth of 24% in Total Income, increase in Raw Material Consumption is 30% and in Power & Fuel at 46%. Thus, together, Material Consumption and Power & Fuel have gone up from 69.37% in 2009-10 to 73.87% of Net Sales in 2010-11.

These cost increases, could not be fully reflected in selling prices. This reflected time lag between cost increase and revisions in selling prices, due to volatility of price changes in major input materials during 2010-11.

2. Following factors further accentuated squeeze on margins
 - i. Hardening trend of Indian Rupee, especially against US \$ and Euro, has resulted in lower Export Rupee Sales realizations. Company does not have matching imports in US \$ or Euro Currency to compensate for lower realization as its major input material EO has to be sourced domestically in Indian Rupee.
 - ii. Expenses under the head, 'Power & Fuel' have gone up from ₹ 204 Lakhs to ₹ 298 Lakhs, an increase of 46% in the year 2010-11. This is on account of rising fuel costs, being dependent on Crude Oil Prices. There was a steep rise in power tariff on one hand and more frequent power shut downs by MSEB and thus increased use of in-house DG generated costlier power. Further, there has been increase in prices of Wood, Brickets etc; used as substitute to fossil fuels.

Thus, Operating profit before Interest, Depreciation & Tax came down from ₹ 919 Lakhs in the year 2009-10 to ₹ 868 Lakhs in the year 2010-11

- iii. With the reduced Operating profits as above, the Company had to absorb interest cost of ₹ 410 Lakhs in the year 2010-11 against Interest cost of ₹ 355 Lakhs in the year 2009-10 caused by :
 1. Need to fund additional Capex of ₹ 528 Lakhs, to acquire balancing equipments and assets to activate increased and flexible THEIC capacity;
 2. To absorb increased Bank Lending rates;



3. To fund increasing working capital to meet higher sales.

However, in the light of Company's exports crossing more than 54% of its turnover, it was able to avail of "Export Bill financing" at LIBOR + basis.

This meant interest cost in the year 2010-11 was only 15% more than 2009-10 against income rising by 24% in similar period and funding additional net capex of ₹ 528 Lakhs along with repayment of Interest free Sales Tax Deferrals.

Net Profit after Tax

3. Net Profit after Tax stood at ₹ 160 Lakhs in the year 2010-11 against ₹ 305 Lakhs in the year 2009-10 with higher provision for current and deferred tax and prior year adjustments.
4. The Company has discharged all its obligation to pay off outstanding Sales tax Deferral including current year deferral due.

IV. Outlook

Your Company is already recognized globally, as a reliable supplier of quality Specialty Chemicals, for a variety of end use applications. Company is reasonably optimistic to improve its performance in the current year.

This outlook is based on renewal of global supply agreement for a further five years by a multinational Company producing Wire Enamels. Additionally, arrangements are being made with other MNCs for regular export to Euro zone, Brazil / Mexico and certain Asian countries.

V. Risks and Concerns:

- i. Slow down in world economies, coupled with strengthening of rupee, may bring in severe competition in the domestic market from imported Specialty Chemicals.
- ii. Uncertainties in global economies may affect the demand & prices, from some of the overseas customers. Export sales may be adversely affected.

VI. Internal Control System and its adequacy:

During the year, no significant internal control issue was identified. Internal checks and controls appropriate to growing size of Company's business, are being introduced. An independent firm of Chartered Accountants has been entrusted with the Internal Audit of the Company.

VII. Material Development In Human Resources:

Employee relationships at all levels continue to be satisfactory. The management would like to record its appreciation of dedicated and strong support provided to your Company, by its employees, at all levels.

(The statement in this report including Management's Discussions & Analysis Report reflect Company's projections, estimates, expectations or predictions. These may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied, since your Company's operations are influenced by many external and internal factors beyond the control of the Company.)

C. DIVIDEND

In view of the balance accumulated losses, the Board of Directors do not recommend payment of any dividend.

D. DIRECTORS

In accordance with the provision of the Companies Act, 1956 read with Article 166 of the Articles of Association of the Company, Shri Ashok R Datar and Shri Manubhai G Patel, Directors of the Company, retire by rotation and being eligible, offer themselves, for re-appointment.

E. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.



- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

F. FIXED DEPOSITS

During the year, the Company has accepted fixed deposits. Fixed deposits from Public and the shareholders stood at ₹ 110 Lakhs at the end of the year. There is no default in payment of interest on, or repayment of, any fixed deposits.

G. AUDITORS

M/s. Tembey & Mhatre, Chartered Accountants, Mumbai, hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have issued necessary certificate as required under Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

H. PARTICULARS OF EMPLOYEES

During the year under review there were no employees, whose particulars are to be given under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 in this report.

I. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, are given as Annexure to this Report.

J. CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is set out as a separate Annexure to this Report. Certificate from the Auditors of the Company, certifying, compliance with Clause 49 of the Listing Agreement with the Stock Exchange in respect of Corporate Governance is annexed to the Report on Corporate Governance.

K. ENVIRONMENT, HEALTH AND SAFETY

Your Company has adopted a Health, Safety and Environment (HSE) Policy, which applies to all employees and activities. Policy is being continuously updated.

L. APPRECIATION

Your Directors place on record their sincere appreciation of the wholehearted support extended by the Company's bankers, business associates, employees' union, shareholders, auditors and various statutory authorities, both, central and state Government. The Directors also place on record their sincere appreciation of the support and cooperation rendered by the employees of the Company at all levels.

For and On Behalf of the Board of Directors

Amit Choksey
Chairman

Shreerang Belgaonkar
Wholetime Director

Mumbai, 10th May, 2011



ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2011.

CONSERVATION OF ENERGY :

The Company has always been conscious of the need to conserve energy. The Company is continuously identifying areas where energy can be saved and appropriate measures have been taken for optimizing energy conservation.

a) Energy Conservation measures taken:

- i) Use of fuel additive for LDO used in Boiler
- ii) Independent electrical metering and connected load
- iii) Substitution of use of electricity to the extent possible by steam &
- iv) Co-ordination to optimize batch schedule.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The company has undertaken a project to reduce its dependence on "Non renewable" energy like FO, LDO with alternate fuels such as Agro waste, Fire wood, coal and other "Renewable energy" sources. This will reduce the effective fuel costs and simultaneously reduce its dependence on fossil fuel and also make available more effective energy input.

c) Total energy consumption and energy consumption per unit of production as per Form A.

FORM A

Disclosure of particulars with respect to conservation of energy.

a) Power and Fuel Consumption

Particulars	2010-11	2009-10
1 Electricity		
a) Purchased:		
Units (KWH)	17,83,551	13,35,149
Total Amount ₹	99,49,430	71,91,260
Average Rate/ Unit (₹ /KWH)	5.58	5.39
Average cost of purchased electricity consumed per unit of production ₹ / MT	1318.82	1102.50

b) Own Generation:		
FO/LDO/HSD consumed (Ltr.)	1,79,000	1,24,800
Total Cost ₹	65,14,605	49,39,602
Average Rate (₹ / Ltr.)	36.39	39.58
Average cost of own generation electricity consumed per unit of production ₹ / MT	863.52	757.30
2 Coal	NIL	NIL
3 Others/ Internal generations		
a) Briquette Consumed (MT)	886.689	769.650
Total Cost ₹	41,92,542	31,47,795
Average Rate of Briquette (₹/ MT)	4728.31	4089.90
Average Briquette Consumed per unit of production	0.117	0.118
Average cost of Briquette consumed per unit of production ₹/ MT	555.73	482.59
b) Firewood Consumed (MT)	3189.213	2198.238
Total Cost ₹	91,26,075	50,87,822
Average Rate of Firewood (₹/ MT)	2861.54	2314.50
Average Firewood Consumed per unit of production	0.423	0.337
Average cost of Firewood consumed per unit of production ₹ / MT	1209.68	780.02

b) Consumption per unit of Production

Particulars	2010-11	2009-10
Production Units (Mt.)	7544.21	6522.67
Electricity (Units/Mt.)	236.41	204.69
FO/LDO/HSD (Ltr. /Mt.)	23.73	18.11
Briquette (Mt/Mt)	0.117	0.118
Firewood (Mt/Mt)	0.423	0.337
Total Cost of Power and Fuel ₹	2,97,82,651	2,03,66,479
Average Rate of Power and Fuel Consumption per MT of Production	3947.75	3122.41

FORM B
Disclosure of particulars with respect to Technology Absorption, Research and Development: (R & D)
Research & Development (R & D)

1) Specific areas in which R & D carried out by the Company:

- New Product Development
- Development and evolution of alternate raw materials / solvents.
- Improvement in quality of existing products / process.
- Cost reduction.
- Energy efficient processes.
- New process development for safe and improved handling and recycling of waste to obtain a useful product for a prime customer.
- New business opportunities.

2) Benefits Derived as a result of the above R & D :

- Improvement in the quality of products to meet the requirements of highly competitive market.
- Introduction of new products/processes.
- Increased productivity.
- Improved market acceptability of products.
- Cost economy and efficiency.
- Development of new applications of the finished products.
- Availability of alternative sources of raw materials.
- New business opportunities.

3) Future plan of action:

- Newer Anti Oxidant for Plastics, Polymer, Greases and Oil and Rubber / Latex Industries.
- Develop newer products in the field of Specialty Chemicals for paper, Ink, Polymer, Plastic, perfumery, Resin, Adhesive Industry, Refineries & Lubes and automotive fuel additives.
- Improve production capacity.
- Reduce material handling and improve its efficiency.
- Reduce fuel costs.

4) Expenditure on R & D :(In ₹)

- a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D Expenditure as percentage of turnover
- } NIL

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation: N.A.
2. Benefits derived as a result of the above efforts: e.g. product improvement, cost reduction, product development, import substitution, etc.: N. A.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

<ol style="list-style-type: none"> a) Technology imported b) Year of Import c) Has the technology been fully absorbed? d) If not fully absorbed, areas where this has not taken place, reason there of, and future plans of action. 	}	Not Applicable as no Imported technology is put to use
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FOREIGN EXCHANGE EARNINGS AND OUTGO:

On account of activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and new export plans, the total foreign exchange used and earned:-

(₹ in Lakhs)

		2010-11	2009-10
i)	Total foreign exchange used	1909.88	1420.04
ii)	Total foreign exchange earned.	4164.18	3107.58

For and On Behalf of the Board of Directors

Amit Choksey
Chairman

Shreerang Belgaonkar
Wholetime Director

Mumbai, 10th May, 2011

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Corporate Governance:

The Company is committed to produce and deliver quality products and services that meet or exceed its customers' needs.

The Company is committed to adopt the best practices in the area of Corporate Governance. It endeavors to ensure transparency in its operations to protect the interest of its stakeholders. The Company will continuously strive to bring about improvement in productivity, product range, cost effectiveness in its operations and quality improvements in its products, ensuring maintenance of adequate standards of health, safety and environment.

2. Board of Directors:

The Company's Board, as of date comprises of eight members: Six Non- Executive Directors (NEDs) and the one Whole-Time Director and one Advisor to the Company. Of the Six NEDs, four are Independent Directors. The Chairman of the Board is the Promoter of the Company along with the Vice-Chairman who is a co-promoter and its Advisor. The number of independent Directors on the Board is in conformity with the requirements of Clause 49 (I) (A) of the Listing Agreement. All the Directors of the Company are eligible to retire by rotation except the Wholetime Director.

Four Board Meetings were held during the financial year ended 31st March, 2011 i.e. on **7th May 2010, 28th July 2010, 26th October 2010** and **3rd February 2011**.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at last Annual General Meeting, are given below:

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM
Amit C. Choksey DIN 00001470	Chairman Non-Executive Director	4	Yes
Ashok R. Datar DIN 00007277	Non-Executive Director and Independent Director	4	No
Bipin V. Jhaveri DIN 00001648	Non-Executive Director and Independent Director	4	Yes
Dhiren P. Mehta DIN 00001471	Non-Executive Director	4	Yes
Manubhai G. Patel DIN 00001662	Non-Executive Director and Independent Director	4	Yes
Sandeep H. Junnarkar DIN 00003534	Non-Executive Director and Independent Director	4	Yes
Satish M. Kelkar DIN 01307387	Vice Chairman Non-Executive Director	4	Yes
Shreerang R. Belgaonkar DIN 00632585	Whole-time Director	3	Yes

Agenda papers, containing all the necessary information, are made available to the Board in advance to enable the Board to discharge its responsibility effectively and take informed decisions. Where it is not practicable to send relevant information as part of Agenda papers, the same is tabled at the Meeting with suitable explanations.

The Information as specified in Annexure IA to clause 49 of the Listing Agreement is made available to the Board regularly along with the Agenda papers.

Relevant information on Directorship held by Company's Directors in Companies other than Sunshield Chemicals

Limited as required by Clause 49 (1A) of the Listing Agreement:

Name of Directors	No. of other Directorships held	No. of Audit Committees and Shareholders/Investors Grievance Committees* in which Chairman/member	
		Chairman	Member
Amit C. Choksey	5	1	Nil
Ashok R. Datar	Nil	Nil	Nil
Bipin V. Jhaveri	6	Nil	3
Dhiren P. Mehta	4	Nil	3
Manubhai G. Patel	4	4	Nil
Sandeep H. Junnarkar	10	1	6
Satish M. Kelkar	Nil	Nil	Nil
Shreerang R. Belgaonkar	Nil	Nil	Nil

* As per Clause 49 (I) (C) of the Listing Agreement.

None of the Directors of the Company hold the office of Director in more than 15 Companies or hold membership of Committee of the Board in more than 10 Committees or chairmanship of more than 5 Committees

Code of Conduct

The Company has formulated a Code of Conduct for Directors and Senior Management of the Company. It has been uploaded on the Company's Website. All Board members and senior management personnel have affirmed compliance with the code. A declaration to that effect signed by Shri Shreerang R. Belgaonkar, Wholetime Director is appearing elsewhere in the Annual Report.

3. Audit Committee

The Committee is comprised of independent and non-executive directors and an Advisor to the Company having financial background and or knowledge in the area of business of the Company. Audit Committee comprises of five Directors viz. Shri Manubhai G. Patel the Chairman, Shri Ashok R. Datar, Shri Bipin V. Jhaveri, Shri Dhiren P. Mehta and Shri Satish M. Kelkar as members.

Four Audit Committee Meetings were held during the financial year 2010-11 i.e. on **7th May 2010, 28th July 2010, 26th October 2010** and **3rd February 2011**.

Attendance at Audit Committee Meetings:

Name	Non-Executive / Independent	Numbers of Meetings held - Four Attended
Manubhai G. Patel	Non-Executive, Independent	4
Ashok R. Datar	Non-Executive, Independent	4
Bipin V. Jhaveri	Non-Executive, Independent	4
Dhiren P. Mehta	Non-Executive	4
Satish M. Kelkar	Non-Executive	4

The Internal Auditor and the Statutory Auditor also attended the Audit Committee Meetings, besides the executives invited by the Audit Committee to be present thereat.

The Audit Committee of the Company has such powers as are detailed under Section 292 A of the Companies Act, 1956 and also clause 49 of the Listing Agreement. The broad terms of reference include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that credible audited financial statements have properly been drawn up.
- Recommending to the Board, appointment, re-appointment and, if required, the replacement or removal of statutory auditor and internal auditor and fixation of their fees.



- Approval of payment to statutory and internal auditors for any other services.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be given in the report of the Board of Directors in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board, for approval.
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of systems of internal checks and controls etc.
- Reviewing with the Management and Internal Auditor significant findings in the Internal Audit Reports.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. Remuneration Committee:

To comply with the requirements of Schedule XIII of the Companies Act, 1956. Remuneration Committee consisting of Company's Directors, Shri Bipin V. Jhaveri as Chairman, Shri Ashok R. Datar and Shri M. G. Patel has been in operation during the year.

During the year one Remuneration Committee Meeting was held on 7th May 2010.

Attendance at Remuneration Committee Meeting:

Name	Non-Executive / Independent	Number of Meeting held - One Attended
Bipin V. Jhaveri	Non-Executive, Independent	1
Ashok R. Datar	Non-Executive, Independent	1
Manubhai G. Patel	Non-Executive, Independent	1

Remuneration of Directors:

Non Executive Directors were paid Sitting Fees of ₹ 5,000/- (Rupees Five Thousand Only) for each Meeting of the Board of Directors or Committee(s) thereof, attended by them.

All elements of remuneration package for all Directors have been provided in the statement hereinafter.

The Company has not advanced any loans to any of the Directors.

Details of Directors' remuneration and sitting fees paid in the financial year, 2010-11 and shareholdings of the Directors in the Company as on 31st March 2011 are given below:

• **Non-Executives Directors**

Name of Director	Sitting Fees (₹)	No. of Shares held	% to Paid up Capital
Amit C. Choksey	20000	509100	6.92
Ashok R. Datar	50000	500	0.01
Bipin V. Jhaveri	50000	—	—
Dhiren P. Mehta	40000	—	—
Manubhai G. Patel	45000	—	—
Sandeep H. Junnarkar	20000	2000	0.03
Satish M. Kelkar	45000	94570	1.29



• **Whole Time Director**

(In ₹)

Name of Director	Salary	Perquisites	Other Allowances	Contribution to Statutory Funds	Total
Shreerang R. Belgaonkar	7,14,000	11, 05,269	4,60,000	85,680	23,64,949

He is holding 13929 (0.19%) Equity shares of the Company.

5. Shareholders/Investors Grievances Committee:

Shri Ashok R. Datar, a non-executive independent Director, is Chairman of the Investors grievance Committee. Others members are Shri Bipin V. Jhaveri and Shri Satish M. Kelkar.

During the year one Meeting of Investors Grievances Committee was held on 3rd February 2011. All the members of the Committee attended the said Meeting.

During the year under review 23 correspondences were received from Company's Shareholders on various subjects such as loss of securities, request for change in address, documents registration, request for transfer of securities and other miscellaneous correspondences which were replied in time. No Complaints were received during the period under review.

Shri Amit A. Kumashi Company Secretary has been appointed as the Compliance officer, as required by the Listing Agreement entered into with Bombay Stock Exchange.

There are no pending legal matters, in which the Company has been made a party, before any Court(s) / Consumer Forum(s) etc, SEBI, Ministry of Corporate Affairs relating to Investors' grievances / complaints.

With reference to clause 47(f) of the Listing Agreement, Company has designated exclusive e-mail ID secretary@sunshield.in for investors to register their grievances,for immediate resolution.

6. General Body Meetings

a. Details of last three Annual General Meetings (AGM) Held:

Financial Year	AGM No.	Venue	Day and Date	Time
2009-10	23rd	M. C. Ghia Hall,	Thursday, 29th July,2010	11.30 a.m
2008-09	22nd	Bhoghilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg,	Wednesday, 29th July,2009	11.30 a.m
2007-08	21st	Kala Ghoda,Mumbai – 400 023	Tuesday, 29th July,2008	11.30 a.m

b. Special Resolutions passed at the last three Annual General Meetings (AGM):

i At 23rd AGM held on 29th July 2010

- Resolution pertaining to Revision in Remuneration of Shri Shreerang Belgaonkar, Wholetime Director of the Company
- Resolution pertaining to Appointment of Smt. Sonali Kelkar as HRD Consultant
- Resolution for Keeping Register of Members and Index of Members at the Office of Registrar and Share Transfer Agent
- Resolution pertaining to Re-appointment of Shri Satish Kelkar as Advisor to the Company

ii No Special Resolution was passed at 22nd AGM held on 29th July 2009

iii At 21st AGM held on 29th July, 2008 - For appointment of Shri Satish Kelkar as Advisor to the Company.

c. There were no special resolutions required to be passed through postal ballot during the last financial year.

7. Disclosures:

Transaction with related parties, as per requirement of Accounting Standard 18, is disclosed elsewhere in the Annual Report.

The Company believes that it has complied with all the regulations of Stock Exchanges, Securities and Exchange Board of India (SEBI) or other statutory authority/ties on matters related to capital markets. No penalties have been imposed or strictures passed during the year against the Company by SEBI, Stock Exchange(s), or any other statutory authority.

CEO and CFO Certification:

A certification from the CEO and the CFO as required under clause 49(V) of the Listing Agreement, was placed before the Board of Directors of the Company in its Meeting held on 10th May 2011 to approve the Audited Annual Accounts for the year ended 31st March, 2011.

8. Means of Communication:

Half yearly / Quarterly Results have not been sent to shareholders; instead shareholders were intimated these through press. The Company also posted its Quarterly Results and Quarterly Shareholding pattern on www.corpfiling.co.in website. The results were intimated to the Bombay Stock Exchange at the end of the respective Board Meetings.

The quarterly, half yearly and annual results of the Company's financial performance were published in two newspapers viz. Free Press Journal and Navshakti. These, before release to the press, were informed to the Bombay Stock Exchange Ltd.

Management Discussion and Analysis forms part of the Annual Report and appear as part of the Directors' Report.

9. General Shareholders Information:

- 24th Annual General Meeting will be held on **Tuesday, 26th July 2011** at 11.30 A.M at M. C. Ghia Hall, Bhoghilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 023
- The Company's financial Year is from on 1st April to 31st March
- Dates of book closure **Tuesday, 19th July 2011** to **Tuesday, 26th July 2011** (both days inclusive) for the purpose of Annual General Meeting.
- Listing on Stock Exchanges: The Company's equity shares are listed on Bombay Stock Exchange Limited, Mumbai. The Annual Listing fees have been paid and there is no outstanding payment towards the stock exchanges, as on date.
- Custodial Fees to Depositories: The Company has paid custodial fees for the year 2011-12 to National Securities Depository Limited and Central Depository Services (India) Limited.
- Stock Code / Symbol

Bombay Stock Exchange Limited	530845
International Securities Identification Number (ISIN)	INE199E01014
Corporate Identity Number (CIN) – allotted by the Ministry of Corporate Affairs	L99999MH1986PLC041612

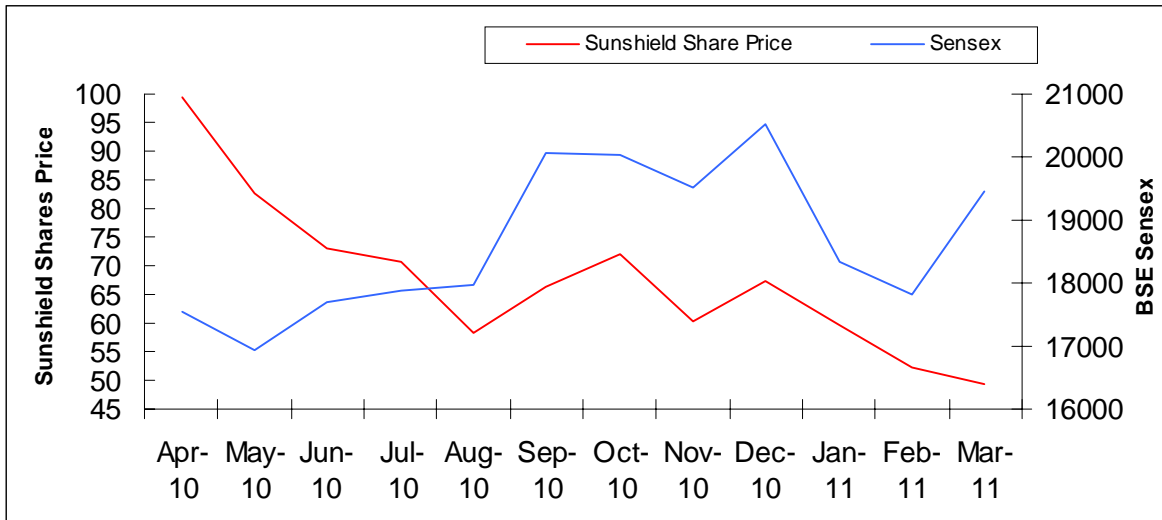
- Market Price Data:

Monthly high & low and closing prices of shares and number of shares traded during each month in the financial year 2010-11 on the Bombay Stock Exchange:

Month	Year	Bombay Stock Exchange Limited			
		High (₹)	Low (₹)	Close (₹)	Total Number of Shares Traded
April	2010	99.25	49.00	99.25	13,49,032
May	2010	109.15	76.05	82.55	9,85,04
June	2010	83.50	69.00	73.00	2,97,021
July	2010	84.05	67.60	70.60	2,81,825
August	2010	76.90	58.00	58.45	2,47,493
September	2010	77.50	58.35	66.40	1,94,023
October	2010	92.40	66.80	72.10	5,02,079
November	2010	82.50	55.50	60.45	94,555
December	2010	74.55	58.00	67.45	78,383
January	2011	73.50	58.50	59.55	65,196
February	2011	63.00	51.80	52.40	81,729
March	2011	61.30	46.55	49.25	95,490



h) Stock Performance Index :



i) Registrars and Share Transfer Agents:

M/s. TSR Darashaw Ltd. (Formerly Tata Share Registry Ltd.) continue to be the Registrar and Transfer Agents of the Company, for processing transfers, handling correspondence of shareholders, consolidation, splitting of shares and rendering depository services such as dematerialization and rematerialization of the Company's shares. As the Company's shares are compulsorily to be traded in dematerialized form, members who still hold these shares in physical form are requested to open demat accounts with Depository Participants registered with National Securities Depository Ltd. (NSDL) and / or Central Depository Services Ltd. (CDSL) and get their shares dematerialized.

The Address of the Registrars and Share Transfer Agents are as under:

M/s. TSR Darashaw Ltd.

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011.
Tel. 022-66568484
Fax No. 022-66568494
email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

j) Share Transfer System:

Company's shares are compulsorily traded in the demat segment on the stock exchange, and most of the transfer of shares have taken place in electronic form.

All Physical share transfers are effected well within the stipulated period of 30 days of lodgment subject to documents being in order.

k) Distribution of shareholding as on 31st March 2011:

Category	No. of Shareholders	% to total No. of Shareholders	No. of shares	% to total Shares
1 - 500	2,439	77.30	4,89,149	6.65
501 - 1000	319	10.11	2,61,010	3.55
1001 - 2000	182	5.77	2,70,889	3.68
2001 - 3000	60	1.90	1,50,057	2.04
3001 - 4000	33	1.05	1,20,939	1.65
4001 - 5000	40	1.27	1,86,335	2.53
5001 - 10000	45	1.43	3,41,450	4.65
Above 10001	37	1.17	55,33,231	75.25
Total	3,155	100.00	73,53,060	100.00



Categories of Shareholding as on 31st March 2011:

Sr.No.	Category	No. of Shares	% of shareholding
1.	Promoters' Holding		
	Indian Promoters	46,71,731	63.53
2.	Non promoters' Holding		
	Mutual Funds/UTI	700	0.01
	Central Government / State Government	200	0.00
	Indian Public	22,99,004	31.27
	Non Resident Indians	18,552	0.25
	Other Corporate Bodies	3,62,873	4.94
	Total	73,53,060	100.00

l) Dematerialisation of Shares:

The shares of the Company are available for dematerialisation (holding of shares in electronic form) on both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Equity Shares of the Company are to be compulsorily traded in the dematerialised form. As on 31st March 2011, 71,26,665 Equity Shares comprising of 96.92% of paid up capital of the Company, have been dematerialised by the investors and bulk of transfers take place in the demat segment.

m) Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion data and impact on equity:

NIL

n) Plant Location:

Pali-Khopoli Road, Village Rasal,
Taluka Sudhagad, Dist. Raigad Maharashtra
Telephone: (02142) 242117 / 242046 / 242226

o) Investors Correspondence:

Investor correspondence may be addressed to any of the following;

Registered Office	Registrar & Share Transfer Agents
N.K.M. International House, 178, Babubhai Chinai Marg, Backbay Reclamation, Churchgate, Mumbai – 400 020, Maharashtra Tel : 022 – 61457000 Fax: 022 - 22838291 Website: www.sunshield.in E-mail: secretary@sunshield.in	M/s. TSR Darashaw Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011. Tel : 022 - 66568484 Fax: 022 – 66568494 Website: www.tsrdarashaw.com E-mail. : csg-unit@tsrdarashaw.com

Declaration – Code of Conduct

The Board has laid down the code of conduct for the all the Board Members and Senior Management of the Company, which is posted on the Company's Website. All the Board Members and Senior Management personnel of the Company, for the financial year ended 31st March 2011, have affirmed compliance with code of conduct.

For Sunshield Chemicals Limited

Mumbai, 10th May, 2011

Shreerang Belgaonkar
Wholetime Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE;

To the **Members of Sunshield Chemicals Limited**

We have examined the compliance of conditions of **Corporate Governance** by **Sunshield Chemicals Limited** for the financial year **2010-11**, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the stock exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievances against the Company and have certified that as on 31st March 2011, there were no investor grievances remaining unattended / pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company or the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **TEMBEY & MHATRE**
Chartered Accountants
(Registration No. 116359W)

PRADNYA A.TEMBEY
Partner
Membership no.116515

Mumbai, 10th May, 2011

AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNSHIELD CHEMICALS LIMITED

We have audited the attached Balance Sheet of Sunshield Chemicals Ltd. as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraph 4 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of the books;
 - (c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - (d) In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report; have been drawn up in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
 - (e) On the basis of written representations received from the Directors, as on 31st March, 2011, which are to be taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in term of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet & Profit and Loss Account read together with notes thereon, give the necessary information required by the Companies Act, 1956 in the manner so required and give a true & fair view;
 - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011 and
 - (ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **TEMBEY & MHATRE**
Chartered Accountants
(Registration No. 116359W)

PRADNYA A. TEMBEY
Partner
Membership no.116515

Mumbai, 10th May, 2011

**ANNEXURE TO AUDITORS' REPORT
SUNSHIELD CHEMICALS LIMITED**

(Referred to in paragraph 1 of our report of even date on the Accounts as at 31st March 2011)

- (i) The nature of the Company's business / activities during the year is such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (CARO) are not applicable to the Company for the year ended.
- (ii) In respect of its fixed assets, in our opinion,
 - (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for certain items of fixed assets wherein updating of records is in progress.
 - (b) we have been informed that the Company has physically verified certain assets at reasonable intervals during the year in accordance with a programme of physical verification of such assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) the Company has not disposed off substantial part of the fixed assets during the year.
- (iii) In respect of its inventories:
 - (a) The inventories were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed between the physical stocks and the book records were not material and have been properly dealt with.
- (iv) In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 in our opinion;
 - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the act.
 - (b) The Company has taken loans which are repayable on demand from Six parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to ₹ 776 lakhs and ₹ 776 lakhs. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken are not prejudicial to the interest of the Company. The Company has provided for interest in the books of accounts.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
- (vi) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.



- (b) According to the information and explanations given to us, the Company has carried out certain transactions in nature of sale and purchase of goods /service during the year with associate companies. These transactions are in excess of ₹ 5 lakhs. Having regard to prevailing market price at relevant time, we are of the opinion that these transaction were made at reasonable price.
- (vii) In our opinion and according to information and explanations given to us, the directives issued by the Reserve bank of India and provisions of section 58A and 58AA or any other relevant provisions of the Companies act 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (viii) The Company has a firm of Chartered Accountants as internal auditors of the Company who conducted internal audit on a selective basis. Based on these facts, we are of the opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (ix) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (x) According to the information and explanations given to us in respect of statutory and other dues;
1. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year.
 2.
 - a. The Income Tax Demand of ₹ 113.89 Lakhs for A.Y. 2007-08 has been disputed by the Company. A sum of ₹ 91.07 Lakhs is outstanding against the said tax demand. The Company's appeal petition is pending before the Income Tax Appellate Tribunal Mumbai.
 - b. The Customs Dept. has issued demand of ₹ 9.76 Lakhs and the company's appeal is pending with the appellate authority.
- (xi) The Company has accumulated loss of ₹ 116.69 Lacs at the end of the year. The accumulated loss as of 31st March, 2011 is less than 50% of Net Worth as computed u/s 2(29A) of the Companies Act 1956. It is observed that the Company has not incurred cash loss in the current year as well as in the immediately preceding financial year.
- (xii) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that as on review date there is no default in the repayment of dues to financial institutions, banks or debenture holders.
- (xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xv) In our opinion, and according to the information and explanations given to us, on an overall basis, the funds raised have been applied for the purposes for which they were obtained.
- (xvi) According to the information and explanations given to us and based on an overall examination of the Balance Sheet and cash flow statement of the year, we are of the opinion that the funds raised on short term basis have been used for long term investments by the Company.



- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xviii) The Companies has not issued any debentures.
- (xix) During the course of our examination of the books and the records of the Company and in accordance with such generally accepted audit practices in India carried on by us and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For **TEMBEY & MHATRE**
Chartered Accountants
(Registration No. 116359W)

PRADNYA A. TEMBEY
Partner
Membership no.116515

Mumbai, 10th May, 2011



BALANCE SHEET AS AT 31ST MARCH 2011

	SCH.	As at 31.03.11 ₹ in '000	As at 31.03.10 ₹ In '000
SOURCES OF FUNDS			
Shareholders funds			
Capital	1	73,531	73,531
Reserves and Surplus	2	133,666	133,666
		207,197	207,197
Loan Funds			
Secured Loans	3	303,317	211,166
Unsecured Loans	4	96,342	104,039
		399,659	315,205
TOTAL		606,856	522,402
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	507,562	435,406
Less : Depreciation		143,943	125,221
Net Block		363,619	310,185
Capital Work in Progress		---	19,612
		363,619	329,797
Investments	6	25	25
Deferred Tax Asset	7	15,714	21,078
Current Assets, Loans & Advances:			
a. Inventories	8	95,119	74,407
b. Sundry Debtors	9	176,792	150,954
c. Cash & Bank Balances	10	5,165	5,870
d. Loans & Advances	11	36,425	27,858
		313,501	259,089
Less: Current Liabilities & Provisions	12	97,672	114,266
		215,829	144,823
Profit & Loss account		11,669	26,679
TOTAL		606,856	522,402

Notes on Accounts 18

Significant Accounting Policies 19

As per our Report of even date

For and on behalf of the Board

For TEMBEY & MHATRE
Chartered Accountants
Registration No. 116359W

AMIT C. CHOKSEY
Chairman

SHREERANG R. BELGAONKAR
Wholetime Director

PRADNYA A. TEMBEY
Partner
Membership No. 116515
Mumbai 10th May 2011

AMIT A. KUMASHI
Company Secretary
Mumbai 10th May 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCH.	For the year Ended 31.03.11 ₹ in '000	For the year Ended 31.03.10 ₹ in '000
INCOME			
Sales:			
i) Domestic		400,361	353,640
ii) Exports		430,015	310,758
iii) Processing Income		17,581	15,627
		<u>847,957</u>	<u>680,025</u>
Less: Excise Duty		57,809	34,994
Total Net Sales		<u>790,148</u>	<u>645,031</u>
Other Income	17	8,059	78
Total	A	<u>798,207</u>	<u>645,109</u>
EXPENDITURE			
Materials Consumed	13	553,902	427,172
Employees Remuneration Benefits	14	32,671	27,175
Manufacturing, Administrative, Selling & Other Expenses	15	124,763	98,876
Interest and Finance Charges	16	41,027	35,510
		<u>752,363</u>	<u>588,733</u>
Total	B	<u>752,363</u>	<u>588,733</u>
Profit Before Tax & Depreciation (Cash Profit)	A-B	<u>45,844</u>	<u>56,376</u>
Depreciation	5	19,352	18,114
		<u>26,492</u>	<u>38,262</u>
Profit Before Tax		<u>26,492</u>	<u>38,262</u>
Less: Provision for Taxation:			
Current		(5,160)	(3,325)
Deferred		(5,364)	(4,472)
		<u>15,968</u>	<u>30,465</u>
Profit After Tax		<u>15,968</u>	<u>30,465</u>
Incremental provision for Def.Sales Tax		(1,062)	(1,065)
Short / Excess Provision of Taxes		30	-
Prior Years Items		74	16
		<u>15,010</u>	<u>29,416</u>
Net Profit / (Loss)		<u>15,010</u>	<u>29,416</u>
Balance Brought Forward		(26,679)	(56,095)
Balance carried to Balance Sheet		<u>(11,669)</u>	<u>(26,679)</u>
Earning Per Share(Basic/Diluted)(Rs.)		<u>2.04</u>	<u>4.00</u>

Notes on Accounts 18

Significant Accounting Policies 19

As per our Report of even date

For and on behalf of the Board

For TEMBEY & MHATRE
Chartered Accountants
Registration No. 116359W

AMIT C. CHOKSEY
Chairman

SHREERANG R. BELGAONKAR
Wholetime Director

PRADNYA A. TEMBEY
Partner
Membership No. 116515
Mumbai 10th May 2011

AMIT A. KUMASHI
Company Secretary
Mumbai 10th May 2011



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULES	As at 31.03.11 ₹ in '000	As at 31.03.10 ₹ in '000
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
15,000,000 Equity Shares of ₹10/- each	150,000	150,000
50,00,000 7% Non cumulative Redeemable - Preference Shares of ₹10/- each	50,000	50,000
	200,000	200,000
ISSUED, SUBSCRIBED AND PAID UP		
73,53,060 (73,53,060) Equity Shares of ₹10/- each	73,531	73,531
	73,531	73,531
SCHEDULE 2		
RESERVES & SURPLUS		
Capital Reserve	45,356	45,356
Share Premium Account	88,310	88,310
	133,666	133,666
SCHEDULE 3		
SECURED LOANS		
Long Term Loans From Scheduled Banks	137,054	59,759
Short Term Loans for Working Capital Facilities		
a. from Scheduled Banks	160,421	142,294
b. from NBFC against Bills Factored	5,842	9,113
	303,317	211,166
SCHEDULE 4		
UNSECURED LOANS		
Interest free Sales Tax Loans:		
a) -1983 Scheme	-	542
b) -1988 Scheme	3,499	24,909
c) Deffered Sales Tax -1993 Scheme	15,243	14,588
	18,742	40,039
Unsecured Loans from an Associate Cos.	64,100	53,000
Deposits from Shareholders	2,000	2,000
Deposits from Others	11,500	9,000
	96,342	104,039



**SCHEDULE 5
FIXED ASSETS**

₹ in '000

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.10	ADDITIONS	DEDUCTIONS/ TRANSFERS	AS ON 31.03.11	AS ON 01.04.10	FOR THE YEAR	DEDUCTIONS	AS ON 31.03.11	AS AT 31.03.11	AS ON 31.03.10
LAND	919	-	-	919	-	-	-	-	919	919
BUILDING	38,571	97	-	38,668	11,011	1,078	-	12,089	26,579	27,560
PLANT & MACHINERY	332,293	71,536	-	403,829	103,667	17,052	-	120,719	283,110	228,626
FURNITURE & FIXTURES	7,515	-	-	7,515	6,011	476	-	6,487	1,028	1,504
MOTOR VEHICLES	2,319	866	1,243	1,942	673	201	630	244	1,698	1,646
R & D CENTRE	11,039	900	-	11,939	3,859	545	-	4,404	7,535	7,180
Sub-Total	392,656	73,399	1,243	464,812	125,221	19,352	630	143,943	320,869	267,435
INTANGIBLE ASSETS:										
OWNERSHIP RIGHT IN OFFICE PREMISES (UNDER CONSTRUCTION) #	42,750	-	-	42,750	-	-	-	-	42,750	42,750
TOTAL	435,406	73,399	1,243	507,562	125,221	19,352	630	143,943	363,619	310,185
CAPITAL WORK IN PROGRESS	19,612	43,378	62,990	-	-	-	-	-	-	19,612
TOTAL	455,018	116,777	64,233	507,562	125,221	19,352	630	143,943	363,619	329,797
PREVIOUS YEAR upto 31.3.2010	412,418	68,735	26,135	455,018	107,193	18,114	86	125,221	329,797	

Refer Note No.3 b) of Schedule 18



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULES	As at 31.03.11 ₹ in '000	As at 31.03.10 ₹ in '000
SCHEDULE 6 INVESTMENTS		
2500 (2500) Equity Shares of ₹10/- each fully paid up in the Saraswat Co-op Bank Ltd. (At cost, unquoted)	25	25
	<u>25</u>	<u>25</u>
SCHEDULE 7 NET DEFERRED TAX ASSET:		
Opening Balance	21,078	25,550
Add: Assets /(Liabilities) of the Current Year	<u>(5,364)</u>	<u>(4,472)</u>
	<u>15,714</u>	<u>21,078</u>
SCHEDULE 8 INVENTORIES:		
(At cost or Net Realisable Value whichever is less, as taken, valued, and certified by the Management)		
Raw Materials (including stock-in-transit)	61,643	49,047
Packing Material Stock	3,411	1,908
Finished Product Stock	13,440	11,341
Work In Process	12,679	10,192
Stores & Spares	2,600	1,354
Oil & Fuel	1,346	565
	<u>95,119</u>	<u>74,407</u>
SCHEDULE 9 SUNDRY DEBTORS		
(Unsecured, considered good)		
Due for over six months	447	-
Others	<u>176,400</u>	<u>151,009</u>
	176,847	151,009
Less:Provision for doubtful Debts	<u>55</u>	<u>55</u>
	<u>176,792</u>	<u>150,954</u>
SCHEDULE 10 CASH & BANK BALANCES		
Cash / Cheques in Hand	75	485
Bank Balances		
In Current accounts with Scheduled Banks	215	85
In Deposit accounts with Scheduled Banks	<u>4,875</u>	<u>5,300</u>
	<u>5,165</u>	<u>5,870</u>
SCHEDULE 11 LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advance Recoverable in Cash or Kind	31,648	22,368
Advance Payment of Income Tax	2,807	3,435
Balance with Excise Authorities	<u>1,970</u>	<u>2,055</u>
	<u>36,425</u>	<u>27,858</u>
SCHEDULE 12 CURRENT LIABILITIES & PROVISION		
Current Liabilities		
Sundry Creditors	87,357	104,747
Other Liabilities	<u>7,857</u>	<u>7,533</u>
	95,214	112,280
Provisions	A	
Leave Encashment	<u>2,458</u>	<u>1,986</u>
	2,458	1,986
Total Current Liabilities and Provisions	B (A+B)	
	<u>97,672</u>	<u>114,266</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULES		For the year ended 31.03.2011 ₹ in '000	For the year ended 31.03.2010 ₹ in '000
SCHEDULE 13			
MATERIAL CONSUMED			
Purchases			
Raw Materials - Indigenous		351,163	282,332
Raw Materials - Imported		197,478	150,095
Packing Material		23,750	21,585
	A	<u>572,391</u>	<u>454,012</u>
Add: Opening Stock			
Raw Materials		49,047	29,519
Packing Material		1,908	967
	B	<u>50,955</u>	<u>30,486</u>
Less: Closing Stock			
Raw Materials		61,643	49,047
Packing Material		3,411	1,908
	C	<u>65,054</u>	<u>50,955</u>
Materials Consumed (A+B-C)	I	<u>558,292</u>	<u>433,543</u>
Decrease /(Increase) In Stock of Finished & and Semi-Finished Goods :			
Opening Stock :			
Finished Goods		11,341	10,053
Semi-Finished Goods		10,192	4,816
	E	<u>21,533</u>	<u>14,869</u>
Less:- Closing Stock :			
Finished Goods		13,440	11,341
Semi-Finished Goods		12,679	10,192
	F	<u>26,119</u>	<u>21,533</u>
Sub-Total (E - F)	II	<u>(4,586)</u>	<u>(6,664)</u>
Increase / (Decrease) in Excise Duty on Closing Stock of Finished Goods	III	<u>196</u>	<u>293</u>
Group Total (I + II + III)		<u>553,902</u>	<u>427,172</u>
SCHEDULE 14			
EMPLOYEES REMUNERATION BENEFITS			
Salaries, Wages, Bonus and Allowances		28,816	23,771
Contribution to Provident Fund and Group Gratuity		1,849	1,858
Employee / Staff Welfare		2,006	1,546
		<u>32,671</u>	<u>27,175</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

SCHEDULES	For the year ended 31.03.2011 ₹ in '000	For the year ended 31.03.2010 ₹ in '000
SCHEDULE 15		
MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Power & Fuel	29,783	20,366
Factory Overheads	20,110	14,903
Export Related Expenses	17,761	9,368
Stores & Consumables	16,049	14,780
Repairs & Maintenance	7,292	8,230
Commission on Sales	6,413	5,405
Freight Outward	6,284	7,046
Legal & Professional Charges	4,514	3,803
Registration & Testing Fees	4,195	2,387
Misc. Administrative Expenses	2,953	3,715
Rent	2,128	1,587
Motor Vehicle Expenses	1,889	1,559
Travelling & Conveyance Expenses	1,141	1,869
Security Charges	966	1,501
Insurance	910	854
Printing & Stationery Expenses	866	751
Postage & Telephone Expenses	684	712
Rates & Taxes	432	413
Loss on Sale of Assets (Net)	243	(428)
Discount	150	55
	<u>124,763</u>	<u>98,876</u>
SCHEDULE 16		
INTEREST AND FINANCE CHARGES		
Interest on Term Loans	14,534	13,721
Interest on Working Capital	14,161	10,862
Interest to Others	6,658	6,445
Bank Charges & Guarantee Fees	5,674	4,482
	<u>41,027</u>	<u>35,510</u>
SCHEDULE 17		
OTHER INCOME		
Misc. Income	2,049	1,058
Foreign Exchange Fluctuation Gain	5,193	(2,052)
Compensation for Temp. Transit Accom.	817	1,072
	<u>8,059</u>	<u>78</u>

SCHEDULE- 18
NOTES ON ACCOUNTS

1. Previous year's figures have been regrouped wherever necessary to make them comparable with those of the current year.
2. The Issued and Paid-up Capital of the Company includes 1,38,600 Equity Shares of ₹ 10/- each, issued by way of capitalization of Reserves in 1991.
3. Capital Reserve includes, :
 - a) Special Capital Incentive Grants received under Sales Tax Deferral Schemes: ₹ 26.06 Lakhs.
 - b) Value of Ownership Right in office premises (under construction) as valued by a Chartered Engineer & Valuer: ₹ 427.50 Lakhs.
 Fixed Assets include intangible asset, being the value of the ownership rights in the office premises situated at then known as Janki Niwas, N. C. Kelkar Road, Dadar, Mumbai which are presently under construction and which are receivable by the Company in lieu of the erstwhile office premises of the company in which the Company held tenancy rights. The said tenanted premises were taken up for development by a Developer in the year ended March 31, 2007 and in terms of the agreement between the Company and the Developer. The value of such right has been determined in accordance with a valuation report issued by an authorized Chartered Engineer and Valuer and has been accounted in the books of accounts by creating Capital Reserve Account of an equivalent amount. The Company has since received ownership of office premises on 6th May, 2011.
4. a) Long Term Loans from Company's bankers are secured by way of a pari passu First charge in the form of equitable mortgage created on the Company's Land and Building of its Rasal Plant together with hypothecation of movable assets situated at the said plant and second pari passu charge by way of hypothecation of the Company's movable assets including plant and machinery, stocks, book debts, etc. situated at the said plant.
 b) Short Term Loans for the working capital facilities from the Company's bankers are secured by way of a pari passu first charge in the form of Joint Deed of Hypothecation of the Company's Stocks and Book Debts and a pari passu second charge by way of equitable mortgage created on the Company's Land and Building at its Rasal plant, together with hypothecation of movable assets situated at the said plant.
5. The Company has obtained Bills Factoring Facility from M/s. SBI Global Factors Ltd., a Registered Non Banking Finance Company against sales bills raised on domestic customers approved by them.
6. Amounts repayable out of Long Term Loans (Secured & Unsecured), within one year (April 2011 to March 2012) are ₹ 318.94 Lakhs (previous year, ₹ 364.94 Lakhs).
7. The Management has reviewed the element of impairment of its fixed assets and no impairment has been identified.
8. (A) Interest free unsecured loans (converted from Sales Tax Deferral Incentive Scheme of Maharashtra State) outstanding as on 31st March, 2011 stand at ₹ 2.25 crores (P.Y. ₹ 4.58 crores). The present value of the aforesaid loans in accordance the Notification dt. 16-11-2002 of the Maharashtra Government stands at ₹ 1.87 crores (P.Y. ₹ 4.00 crores).
 (B) With respect to Sales Tax Deferral prior to 01-04-2004 (refer Significant Accounting Policies 19 I) 2 i) of Schedule 19), provision has been made for the year ended 31st March 2011, for the incremental present value of ₹ 0.11 crores (P.Y. ₹ 0.11 crores) and is appearing in the Profit and Loss Appropriation Account.
9. Pursuant to Accounting Standard interpretation (ASI) 14 (Revised) "Disclosure of Revenue from Sales Transaction" issued by the Institute of Chartered Accountants of India, excise duty expense relatable to sales is reduced from Gross Sales and the balance amount relating to the difference between the closing stock and opening stock of finished goods is disclosed separately as part of 'Materials Consumed' in Schedule 13. The same has no impact on profits of the Company. The estimated amount of Excise Duty and Education Cess liability on finished goods lying at the factory as on 31st March, 2011 is estimated at ₹ 12,55,081/- (Previous year ₹ 10,59,074/-) and included in the valuation of Finished Goods inventory.
10. The Company has received confirmations from the following suppliers regarding their status under Micro / Medium / Small-scale enterprises Development Act, 2006. Amounts outstanding for more than 30 days to these units.
 a) Texplast Ind. Ltd. b) Atul Ltd. c) Novex Poly Films Pvt. Ltd. d) Nitika Chemicals e) Palak Chemical Industries
11. In view of accumulated depreciation, no liability for income tax arises except for MAT liability. Accordingly the Company has provided ₹ 51.60 lakhs towards MAT liability on book profits for the year ended 31st March, 2011 under the Income Tax Act, 1961 (P.Y. ₹ 33.25 lakhs).
12. The Company operates in a single primary business segment of Specialty Chemicals.
13. Related party Disclosures (Accounting Standard 18 (AS-18))
 - a. Key Management personnel:
 - i) Shri Amit C. Choksey, Chairman
 - ii) Shri Satish M Kelkar, Vice Chairman
 - iii) Shri Shreerang R. Belgaonkar, Wholetime Director



b. Individuals having control and significant influence over the company and relatives of such individual

S.No.	Name of related parties	Description
1.	Shri Amit C Choksey	Person having Controlling interest
2.	Smt. Priti A. Choksey Ms. Namrata A. Choksey Ms. Ankita A. Choksey Smt. Rita A. Parekh Shri Girish C. Choksey Shri Atul C. Choksey	Relatives of person having controlling interest.
3.	Abhiraj Trading & Investments Pvt. Ltd. Acquamarine Investments & Trading Co. Pvt. Ltd. Aeonian Investments Co. Ltd. Amisha Buildcon Pvt. Ltd. Apco Enterprises Ltd. Apcotex Industries Ltd. Balasesh Leafin Ltd. Belt Trading and Investments Pvt. Ltd. Bhuvantray Investment & Trading Company Pvt. Ltd. Casa Bella Developers Pvt. Ltd. Casa Bella Realty Pvt. Ltd. Cons Holdings Ltd. Choksey Chemicals Pvt. Ltd. Cybella Paradise Pvt. Ltd. Dhumravarna Trading and Investments Pvt. Ltd. Dhuraketu Investments & Trading Co. Pvt. Ltd. Forest Hills Trading and Investments Pvt. Ltd. Gauriputra Investments & Trading Co. Pvt. Ltd. Haridwar Trading and Investments Pvt. Ltd. Hindustan Minerals Products Co. Ltd. HMP Minerals Pvt. Ltd. Joshimath Trading & Investments Pvt. Ltd. Laxmanjhula Trading & Investments Pvt. Ltd. Mazda Colours Ltd. Propycon Trading & Investments Pvt. Ltd. Saldhar Investments & Trading Company Pvt. Ltd. Samuel Dracup & Sons (I) Pvt. Ltd. Sammelan Investments & Trading Ltd. Shivkunj Export & Trading Pvt. Ltd. Shyamal Finvest (India) Ltd. Titan Trading & Agencies Ltd. Trivikram Investments & Trading Co. Ltd.	Associates (Common Control) of Shri Amit C. Choksey
4	Smt. Sonali S. Kelkar Smt. Radhika A. Bawa Shri Rohan S. Kelkar Esbee Dynamed Pvt. Ltd. Neokel Investments Pvt. Ltd. Kelkar Chemicals Pvt. Ltd.	Relatives / Associates (Common Control) of Shri Satish M. Kelkar

c. Transactions with related parties:

(₹ in '000)

Sr. No.	Nature of Transaction	Person(s) having controlling interest & their relative	Associates (Common Control)	Key Management Personnel & their relative	Total
1.	Unsecured Loans Accepted	—	11100	—	11100
2.	Deposits Accepted	2500	—	—	2500
4	Interest Paid	1266	5364	—	6630
5	Managerial Remuneration	—	—	2365	2365
6	Directors Sitting Fees	65	—	—	65
7	Professional Fees	1678	—	—	1678
8	Sales of Goods	—	5781	—	5781

14. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956. (The figures in brackets in the schedule relate to previous year).

	Year ended 31-03-11		Year ended 31-03-10	
	Qty. (M.T.)	Value (₹ In '000)	Qty. (M.T.)	Value (₹ in '000)
Specialty Chemicals				
a) Sales	7230.18	830,376	(6661.18)	(664,398)
b) Processing Income		17,581		(15,627)
c) Closing Stock	131.43	13440	(107.88)	(11341)
d) Production	9774.55		(6522.67)	—
e) Installed Capacity (t.p.a.) Installed capacity depends upon the product mix	23,000		(23,000)	
f) Licensed Capacity Exempted from licensing control under notification no. 477(E), dated 25.7.1991 issued under the Industries Development & Regulation Act (65 of 1951) 1951.				
g) Raw Materials (Purchases) Basic Organic Chemicals	7191.49	467077	(6398.54)	(387007)
h) Value of imports calculated on C.I.F. basis		184238		(139071)
i) Value of imported and indigenous raw material consumed (including packing material)				
	Amt. (₹in '000)	%	Amt. (₹ in '000)	%
Imported	186499	33	(135183)	(31)
Indigenous	371793	67	(298360)	(69)
Total	558292	100	(433543)	(100)
j) Expenditure in foreign currency				
i) Raw Material	184238		(139071)	
ii) Traveling & related expenses	227		(174)	
iii) R & D Equipment	869		(NIL)	
iv) Registration & Testing fees	4195		(2387)	
v) Commission	1459		(372)	
k) Dividend remitted to non-residents in foreign currency	(NIL)		(NIL)	
No. of Non-Resident Shareholders		Fifteen		Twelve
No. of Shares held		18552		51512
l) Earning in Foreign currency(FOB)		416418		310758

14. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956. (The figures in brackets in the schedule relate to previous year).

	(₹ in '000)	(₹ in '000)
m) Payment to Auditors (inclusive of service tax)		
Audit Fees	331	(270)
Certification Work	107	(66)
Tax Audit Fees	88	(66)
Total	526	(402)
Additional Information:		
n) Estimated amount of contracts remained to be executed on capital accounts	5738	(1718)
o) Contingent Liability:		
1) For Counter-Guarantees issued for Bank Guarantees and Letters of Credit issued	24471	(30598)
2) Claims not acknowledged as debts	NIL	(NIL)
3) Show cause cum demand notices issued by various authorities of Central Excise Dept. for which the Company has preferred appeals.	NIL	(NIL)
4) Show cause cum demand notices issued by various authorities of Customs Dept. for which the Company has preferred appeals.	976	(976)
5) demand notices issued by Income Tax Dept. for which the Company has preferred appeal	11389	(11389)

- p) Payments of Remuneration, Perquisites, Professional fees and Sitting fees to Directors including Whole-time Director:

	Year Ended 31.03.11 (₹ in '000)	Year Ended 31.03.10 (₹ in '000)
Sitting Fees to Non-Executive Directors	270	290
Salary	720	648
Contribution to P.F.	86	78
Other Allowances	1560	1081
Professional Fees	1324	1191
Total	3960	3288

Managerial remuneration of the Whole-time Director does not include:

- provision for Leave encashment as the amount is not separately ascertainable in the actuarial valuation thereof.
- provision for Gratuity as the amount is not separately ascertainable from the premium paid to LIC Group Gratuity Scheme.

16. Computation of Earnings/ (Loss) Per Share as per Accounting Standard 20

	Year Ended 31-03-11 (₹ in '000)	Year Ended 31-03-10 (₹ in '000)
Net Profit / (Loss) after tax and other adjustments	15010	29416
Weighted average no. of Equity Shares	73,53,060	73,53,060
Basic / Diluted Earnings per share (Rs.)	2.04	4.00
Face Value Per Share (Rs.)	10.00	10.00

17. As per Accounting Standard No. 22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the Company is certain of absorbing deferred assets and accordingly it has passed relevant entry. The computed value of Deferred Tax Asset is as follows:

	Assets (₹ in '000)	Liability (₹ in '000)
Timing Difference on account of:		
1 Unabsorbed Depreciation & Others	21809	
2 Difference in Block & I.T. Block of Assets		6095
3 Net Deferred Tax Asset	15714	
a) Previous Year	21078	
b) Current Year		5364



18. Retirement Benefits

(₹ in Lakhs)

	2010-11	2009-10
a. Changes in Present Value of Obligations		
Defined Benefit Obligation at the beginning of the year	39.52	32.70
Current Service Cost	2.71	2.49
Interest Cost	3.16	2.62
Actuarial (Gain) / Loss	2.89	2.33
Benefits paid	(3.22)	(0.62)
Defined Benefit Obligation at the end of the year	45.06	39.52
b. Changes in the fair value of plan assets		
Fair Value of Plan Assets at the beginning of the year	38.03	29.84
Expected Return on Plan Assets	3.52	3.46
Actuarial (Gain) / Loss	NIL	NIL
Employer Contribution	4.19	5.35
Benefit Paid	(3.22)	(0.62)
Fair Value of Plan Assets at the end of the year	42.52	38.03
c. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	38.03	29.84
Actual Return on Plan Assets	3.52	3.46
Employer Contribution	4.19	5.35
Benefit Paid	(3.22)	(0.62)
Fair Value of Plan Assets at the end of the year	42.52	38.03
Net Actuarial (Gain) / Loss recognised in the year	(2.54)	(1.49)
d. Actuarial Gain / Loss Recognised		
Actuarial (gain) / loss on obligations	(2.89)	(2.33)
Actuarial (gain) / loss for the year - plan assets	NIL	NIL
Actuarial (gain) / loss on obligations	2.89	2.33
Actuarial (gain) / loss recognised in the year	2.89	2.33
e. Amount recognised in the Balance Sheet		
Present value of obligation as at the end of the year	45.06	39.52
Fair Value of Plan Assets at the end of the year	42.52	38.03
Funded Status	(2.54)	(1.49)
Amount recognised in the Balance Sheet	2.54	1.49
f. Expenses recognised in Profit & Loss Account		
Current Service Cost	2.71	2.49
Interest Cost	3.16	2.62
Expected Return on Plan Assets	(3.52)	(3.46)
Actuarial (Gain) / Loss	2.89	2.33
Expenses recognised in Profit & Loss Account	5.24	3.98
g. Actual Return on Plan Assets		
Expected Return on plan assets	3.52	3.46
Actuarial (gain) / loss on plan assets	NIL	NIL
Actual return on plan assets	3.52	3.46
h. Balance Sheet Reconciliation		
Net Defined Benefit Obligation at the beginning of the year	3.59	0.12
Expenses recognised in Profit & Loss Account	5.24	3.98
Employer Contribution	4.19	5.35
Amount recognised in the Balance Sheet	2.54	1.49
i. Actuarial Assumptions : for the year		
Mortality Table (L.I.C.)		
Discount Rate (per annum)	8.00%	8.00%
Expected Rate of Return on Plan Assets (per annum)	4.00%	4.00%
Rate of Escalation in Salary (per annum)	4.00%	4.00%

Details of Investment Pattern from Life Insurance Corporation (LIC) is awaited.

SCHEDULE- 19**Significant Accounting Policies****a) Basis of preparation:**

The Accounts of Sunshield Chemicals Limited ("the Company") have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of Section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The Accounts have been prepared under historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Fixed Assets:

- (i) Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchases price and any attributable costs net of credit / set off of bringing the assets to their working condition for their intended use.
- (ii) Depreciation on fixed assets is provided on straight-line method at the rates and the manner prescribed in Schedule XIV to the Act, at rates laid down in circular no.G.S.R.756 (E) dt.16.12.1993.

c) Intangibles:**Patents, Trademarks, Designs and Licenses**

Costs relating to patents, trademarks, designs and licenses, which are acquired, are capitalized and amortized on a straight-line basis over a period of five years.

d) Investment:

Investments are stated at cost.

e) Inventories:

Raw materials, work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost for the purpose is worked out on FIFO basis. In respect of finished goods and work in process, appropriate overheads are loaded on absorption costing basis. Stock of Finished product is stated inclusive of Excise Duty.

f) Research & Development:

Revenue expenditure incurred on research and development is charged to the Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets and depreciation / amortization thereon is charged to depreciation in the profit and loss account.

g) Sales Turnover:

Sales turnover for a year includes sale value of the goods (excluding Sales Tax), excise duty and other receivables like insurance, transport, packing charges, etc. Job Processing Income includes such income earned at Company's plant or at plants of others operated under specific agreement/s.

h) Contingent Liability:

Contingent liabilities are disclosed by way of note to the Accounts.

i) 1) Retirement Benefits :

Gratuity liabilities of the Company.

The Company has taken a policy with Life Insurance Corporation of India under Group Gratuity Insurance Scheme of the Corporation. LIC computes and intimates the actuarial valuation of the Gratuity Liabilities of the Company at the end of every balance sheet date. Shortfall if any between the amount as computed and the balance in funds is additionally provided in the accounts. Difference between the valuations as at the end of the accounting year and that at the end of previous accounting year is provided in the Accounts.

2) Leave Encashment: -

Present value of Leave Encashment is provided in the Accounts on the basis of actuarial valuation certificate.

j) Borrowing costs:-

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily takes a substantial period of time to get ready for their intended use, are capitalized.

k) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that is a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

l) Others**1. The Company makes a provision for doubtful debts as required from time to time.****2. The Company accounts for Sales Tax Deferral as follows:****(i) Upto 31st March, 2004**

The present value of Sales Tax Deferral benefit (in the form of deferral / unsecured loan) is charged to the profit & loss account and correspondingly converted into interest free Unsecured Sales Tax loan at the end of accounting year. The present value of the said Sales Tax benefit is computed on the basis of the notification (referred in Schedule 18 note 8 (B)). Based on the said computation and movements' consequent to repayments and current year's increments, any variation thereof is reflected in the profit & loss appropriation account.

(ii) From 1st April, 2004 – (AS 29)

Sales Tax Deferred under the backward area scheme is provided for fully in Profit & Loss Account.

Signatures to Schedules 1 to 19

For and on behalf of the Board

For TEMBEY & MHATRE
Chartered Accountants
Registration No. 116359W

AMIT C. CHOKSEY
Chairman

SHREERANG R. BELGAONKAR
Wholetime Director

PRADNYA A. TEMBEY
Partner
Membership No. 116515
Mumbai 10th May 2011

AMIT A. KUMASHI
Company Secretary

Mumbai 10th May 2011

**CASH FLOW STATEMENT**

	Year ended 31.03.2011 (₹ in '000)	Year ended 31.03.2010 (₹ in '000)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	26,492	38,262
Adjustments for		
1 Depreciation	19,352	18,114
2 Interest Income	(334)	(351)
3 Dividend Income	(5)	(5)
4 (Profit) / Loss on Sale of Fixed Assets	243	(429)
5 Interest Expenses	41,027	35,510
6 Items related to prior years	74	16
7 Short Provision of Taxes	30	-
8 Income Tax Refund	(1,079)	(88)
9 Sales Tax deferral (Incremental Present Value)	(1,062)	(1,065)
	<u>58,246</u>	<u>51,702</u>
Operating Profit before Working Capital Changes	84,738	89,964
Adjustments for		
10 Decrease / (Increase) in Debtors	(25,838)	(36,300)
11 Decrease/ (Increase) in Inventories	(20,712)	(27,192)
12 Decrease/ (Increase) in other Receivables	(9,195)	(2,285)
13 (Decrease)/ Increase in Creditors	(16,594)	34,091
	<u>(72,339)</u>	<u>(31,686)</u>
Cash Generated from Operations	12,399	58,278
14 Direct Tax Paid (Net)	(3,453)	(2,580)
	<u>8,946</u>	<u>55,698</u>
Net Cash flow from Operating Activities	8,946	55,698
(B) CASH FROM INVESTING ACTIVITIES		
15 Purchase of Fixed Assets	(53,787)	(42,958)
16 Interest Received	334	351
17 Dividend Received	5	5
18 Disposal of Fixed Assets	370	700
	<u>(53,078)</u>	<u>(41,902)</u>
Net Cash used in Investing Activities	(53,078)	(41,902)
	<u>(44,132)</u>	<u>13,796</u>



(C) CASH FROM FINANCING ACTIVITIES		
19 Interest Paid	(41,027)	(35,510)
20 Proceeds from Long Term Borrowings(Net)	90,895	(17,723)
21 Proceeds from Short Term Borrowings(Net)	14,856	66,292
22 Payment of Deferred Sales Tax Installments	(21,297)	(26,153)
Net Cash used in Financing Activities	43,427	(13,094)
Net increase in Cash and cash equivalents	(705)	702
Cash and cash equivalents on 31.3.2010	5,870	5,168
Cash and cash equivalents on 31.03.2011	5,165	5,870

As per our Report of even date

For and on behalf of the Board

For TEMBEY & MHATRE
Chartered Accountants
Registration No. 116359W

AMIT C. CHOKSEY
Chairman

SHREERANG R. BELGAONKAR
Wholetime Director

PRADNYA A. TEMBEY
Partner
Membership No. 116515

AMIT A. KUMASHI
Company Secretary

Mumbai 10th May 2011

Mumbai 10th May 2011

AUDITORS CERTIFICATE

The Board of Directors
Sunshield Chemicals Limited

Sir,

We have examined the above Cash Flow Statement of Sunshield Chemicals Limited, for the period ended 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the Company's Listing Agreement with the Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

For TEMBEY & MHATRE
Chartered Accountants
Registration No. 116359W

PRADNYA A TEMBEY
(Partner)
Membership No. 116515

Mumbai, 10th May 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No. : L99999MH1986PLC041612
 State Code : 11
 Balance Sheet Date : 31st March, 2011.

II. CAPITAL RAISED DURING THE PERIOD (Amount in ₹ thousands)

Public Issue : NIL
 Rights Issue : NIL
 Private Placement : NIL
 Bonus Issue : NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AS AT 31st MARCH, 2009)

Total Liabilities		Amount (₹ in '000)	Total Assets	Amount (₹ in '000)
Sources of Funds			Applications of Funds:	
Paid-up Capital	73,531		Net Fixed Assets	363,619
Reserves & Surplus	133,666		Investments	25
		207,197	Deferred Tax Assets	15,714
Secured Loans	164,634		Net Current Assets	215,829
Unsecured Loans	96,342		Profit & Loss Account	11,669
		399,659		
Total		606,856	Total	606,856

IV. PERFORMANCE OF THE COMPANY (₹ In '000)

Turnover including Other Income	856,016
Total Expenditure	829,524
Profit / (Loss) Before Tax	26,492
Profit / (Loss) After Tax	15,010
Earning Per Share (₹)	2.04

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Auxiliary (speciality) chemicals of Chapter 29, 34, 38 & 39 of Central Excise Tariff.



SUNSHIELD CHEMICALS LIMITED

Regd. Office: N.K.M. International House, 178, Backbay Reclamation, Babubhai Chinai Marg, Backbay Reclamation, Mumbai – 400 020

PROXY FORM

Folio No. : _____ / DP ID No.* : _____ & Client ID No.* : _____

No. of Shares held _____

I We _____ of _____

being a member / members of SUNSHIELD CHEMICALS LIMITED, hereby appoint

_____ of _____ failing him/her

_____ of _____ failing him/her

_____ of _____ as my/ our Proxy

to attend and vote for me / us on my / our behalf at the 24th Annual General Meeting of the Company, to be held on 26th July, 2011 at 11.30 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 023 or at any adjournment thereof.

Signed this _____ day of _____ 2011.

Affix
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

Note: The Proxy form duly signed across stamp must be deposited at the Registered Office of the Company not less than 48 hours before the Scheduled time for holding the meeting. The Proxy need not be a member of the Company.

Tear Hear



SUNSHIELD CHEMICALS LIMITED

Regd. Office: N.K.M. International House, 178, Backbay Reclamation, Babubhai Chinai Marg, Backbay Reclamation, Mumbai – 400 020

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

24th ANNUAL GENERAL MEETING -26th July, 2011

I/We hereby record my /our presence at the 24th Annual General Meeting held on 26th July, 2011 at 11.30 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 023

Folio No. : _____ / DP ID No.* : _____ & Client ID No.* : _____

Full Name of the Member (in BLOCK LETTERS) _____

No of Shares held _____

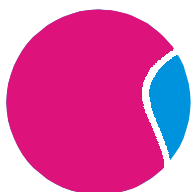
Full Name of Proxy (in BLOCK LETTERS) _____

SIGNATURES OF THE MEMBER (S) OR PROXY / PROXIES PRESENT _____

Please complete and sign this attendance slip and hand over the same at the entrance of the meeting hall. Only member(s) or their proxies with this attendance slip will be allowed entry to the meeting.

* Applicable for investors holding shares in electronic form.

Tear Hear



SUNSHIELD

CHEMICALS LIMITED

MANUFACTURER OF
SPECIALTY CHEMICALS

REGISTERED / ADMINISTRATIVE / MARKETING OFFICE

N.K.M. International House, 178, Backbay Reclamation, Babubhai Chinai Marg, Backbay Reclamation,
Mumbai – 400 020

Tel No. : 022 - 61457000, Fax No.: 022 - 22838291

FACTORY / R & D CENTRE

Pali-Khopoli Road, Village Rasal, Taluka Sudhagad, Dist. Raigad, Maharashtra, INDIA

Tel No.: 91-02142 - 242117 / 242046 / 242226