

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **Sunshield Chemicals Limited** will be held on **Friday, 23rd August, 2013** at 12.00 noon at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2013, 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 Mr. Satish Kelkar, who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification, as an **Ordinary Resolution**, the following:
"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Ashok Pandit & Co. Chartered Accountants, Mumbai (Firm registration number 100674W) be appointed as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax and out of pocket expenses."
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Suresh Talwar, be and is hereby appointed as a Director of the Company."
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Ian Brown, be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Michel Ybert, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Pierre Franck Valentin, be and is hereby appointed as a Director of the Company."
8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Manoj Khullar, be and is hereby appointed as a Director of the Company."
9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Sanjeev Mukerjee, be and is hereby appointed as a Director of the Company."
10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Yogesh Thar, be and is hereby appointed as a Director of the Company."
11. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT in supersession of all earlier resolutions, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow such sum or sums of money in any manner from time to time as may be required for the purposes of business of the Company with or without security and upon such terms and conditions as they may think fit and proper, which sums together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of

business) may exceed the aggregate of the paid up share capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided that the total moneys so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 100 crores.”

12. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** in supersession of all earlier resolutions, the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company, both present and future, wheresoever situated and the whole or substantially the whole or any part of the undertaking(s) of the Company with power to take over the management of the business and concern of the Company in certain events of default and on such terms and in such form and manner and with such ranking as to security as the Board of Directors may deem fit and proper for securing loans already obtained or that may hereafter be obtained by the Company from, to and in favour of banks whether nationalised, foreign, co-operative or scheduled banks approved by the Reserve Bank of India and all or any of the Public Financial Institutions as may be declared under section 4-A of the Companies Act, 1956 and/or other lending agencies for term loans and/or bridge loans and/or other financial facilities from time to time sanctioned by them to the Company subject to an overall limit of ₹ 100 crores together with interest, additional/penal interest premia on prepayment, costs, commitment charges, expenses thereon and all other moneys payable by the Company to the concerned lenders.”

13. 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 297, 309, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the

Central Government and subject also to such other approvals, if any, as may be necessary, the Company hereby approves the appointment of Mr. Satish Kelkar – Director as an Advisor to the Company for a period of two years with effect from 1st October, 2013 on the terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr. Satish Kelkar and the main terms and conditions are given here under:

- (A) Consultancy Fee: Advisor will be paid an consultancy fee of ₹ 2,00,000/- (Rupees Two Lacs only) per month exclusive of service tax applicable, if any.

In addition to the consultancy fee as stated above, Advisor shall be eligible for a bonus that can range between 0 (zero) % and 20 (twenty) % of the consultancy fee, depending on the level of achievement of the financial results of the Company. A “target” bonus of upto 10 (ten) % would be payable if the Company meets its set financial budget. It is understood for the purpose of this agreement that no bonus would be paid if the Company does not meet its set financial targets, and a bonus of upto 20% would be paid if the financial results of the company are at least 20% higher than the set budget. It is noted that the payment of the bonus if any, is at the sole discretion of the Management of the Company. The bonus for the 1st term of the Agreement shall be paid to Advisor on the basis results of the Company for the calendar year 2014. Bonus as stated above shall be paid in the month of January 2015 irrespective of the Agreement is in existence or not.

- (B) Re-imburements: Charges for one mobile connection used by Advisor shall be borne by the Company. For the aforesaid purpose, Advisor shall inform the details of mobile connection to the Company.

Company shall also reimburse reasonable petrol expenses incurred by Advisor to cover visits to plant of the Company and its customers.”

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

“**RESOLVED THAT**, in terms of the provisions of Section 198, 309, 349, 350 and other

applicable provisions of the Companies Act, 1956 and subject to the approval of the financial institutions, if required, the Directors (other than the directors not resident in India but including the alternate directors who are resident in India) who are neither in the whole time employment of the Company nor the Wholetime Director of the Company be paid for a period of five financial years of the Company commencing from 1st April, 2013 remuneration by way of commission not exceeding 1% of the net profits of the Company;

RESOLVED FURTHER THAT the manner and quantum of actual payment of the aforesaid commission to each of the said Directors be decided by the Board of Directors from time to time;

RESOLVED FURTHER THAT the aforesaid commission shall be exclusive of the fees payable to such directors for attending the meetings of the Board or Committees thereof."

**By Order of the Board of Directors
For SUNSHIELD CHEMICALS LIMITED**

Mumbai,
7th June, 2013

Amit Kumashi
Company Secretary

NOTES:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint 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 Proxy forms 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/Proxies/Representatives should bring the enclosed Attendance slip, duly filed in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at 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 **Monday, 19th August, 2013 to Friday, 23rd August, 2013** (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 Private Ltd. having its Office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011.
8. 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 members. 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 their electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form should send letter requesting for registering/changing their existing email ID bearing the signature of Sole/First shareholder to Company's Registrar & Transfer Agents, M/s. TSR Darashaw Private Ltd. having its Office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai-400011.

Annexure to Notice

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

Item No. 3

Tembey & Mhatre, the Statutory Auditors, has informed the Company that they do not wish to be reappointed as Statutory Auditors of the Company. The Board of Directors vide Resolution dated 5th June, 2013 passed by circulation, recommended the appointment of M/s. Ashok Pandit & Co. as Statutory Auditors of the Company.

The Board recommends the Resolution for approval of the Members.

None of the Directors is interested or concerned in the resolution.

Item No. 4

Mr. Suresh Talwar was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Suresh Talwar holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Suresh Talwar as a Director.

Mr. Suresh Talwar is a Bachelor of Commerce and Bachelor of Law. He is a solicitor and Advocate by profession. Mr. Suresh Talwar was a partner in Crawford Bayley & Co., till 31st March 2006 and was a special advisor till 31st December, 2006. He is now a partner in Talwar Thakore & Associates, Mumbai. Mr. Suresh Talwar specializes in various facets of Corporate Law, Corporate Tax, Foreign Exchange Laws, Competition Act, International Issue of Securities by Indian Companies, commercial documents and contracts, etc.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	FCI OEN Connectors Limited	Chairman & Alternate Director	Audit Committee - Chairman
2.	PZ Cussons India Private Limited	Chairman & Alternate Director	Nil

Sr. No.	Name of Company	Position Held	Committee Membership
3.	Transwarranty Finance Limited	Chairman & Alternate Director	Nil
4.	Armstrong World Industries (India) Private Limited	Chairman	Nil
5.	Merck Limited	Chairman	Audit Committee - Chairman
6.	Rhodia Specialty Chemicals India Limited	Chairman	Remuneration Committee
7.	Samson Maritime Limited	Chairman	Remuneration Committee -Chairman
8.	Sidham Finance & Investments Private Limited	Chairman	Nil
9.	Blue Star Limited	Director	Audit Committee - Chairman Remuneration Committee
10.	Biocon Limited	Director	Audit Committee
11.	Birla Sun Life Insurance Company Limited	Director	Nil
12.	Birla Sun Life Trustee Company Private Limited	Director	Audit Committee
13.	Blue Star Infotech Limited	Director	Audit Committee
14.	Chowgule and Company Private Limited	Director	Nil
15.	Chowgule Ports & Infrastructure Private Limited	Director	Nil
16.	Decagon Investments Private Limited	Director	Nil
17.	Elantas Beck India Limited	Director	Audit Committee
18.	Epitome Global Services Private Limited	Director	Nil
19.	ESAB India Limited	Director	Nil
20.	Greaves Cotton Limited	Director	Audit Committee, Investors Grievance and Share Transfer Committee Remuneration Committee - Chairman

Sunshield Chemicals Limited

Sr. No.	Name of Company	Position Held	Committee Membership
21.	India Value Fund Trustee Company Private Limited	Director	Nil
22.	IVF Trustee Company Private Limited	Director	Nil
23.	John Fowler (India) Private Limited	Director	Nil
24.	L&T Metro Rail (Hyderabad) Limited	Director	Nil
25.	Larsen and Toubro Limited	Director	Nomination-cum Compensation Committee
26.	Morgan Stanley India Capital Private Limited	Director	Audit Committee
27.	Phillip (India) Private Limited	Director	Nil
28.	Rediffusion Dentsu Young and Rubicam Private Limited	Director	Nil
29.	Sandvik Asia Private Limited	Director	Audit Committee - Chairman
30.	Shrenuj and Company Limited	Director	Nil
31.	Snowcem Paints Private Limited	Director	Nil
32.	Sonata Software Limited	Director	Remuneration Committee
33.	Swiss Re-shared Services (India) Private Limited	Director	Nil
34.	TTK Healthcare TPA Private Limited	Director	Nil
35.	Warner Bros Pictures (India) Private Limited	Director	Nil
36.	Johnson and Johnson Limited	Alternate Director	Nil
37.	Uhde India Private Limited	Alternate Director	Nil

Mr. Suresh Talwar does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Suresh Talwar. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Suresh Talwar is concerned or interested in this Resolution.

Item No. 5

Mr. Ian Brown was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Ian Brown holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Ian Brown as a Director.

Mr. Ian Brown is a member of Chartered Institute of Management Accountants. He is working as Finance Vice President of Solvay Asia Pacific. He has over 20 years of Industrial Experience. He has been working with Solvay Group of Companies in various capacities since 1999. He has worked in different Companies and has wide experience in Finance.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemcials Limited	Alternate Director	Nil
2.	Rhodia Specialty Chemcials India Limited	Director	Nil

Mr. Ian Brown does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Ian Brown. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Ian Brown is concerned or interested in this Resolution.

Item No. 6

Mr. Michel Ybert was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Michel Ybert holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Michel Ybert as a Director.

Mr. Michel Ybert is the President of Rhodia Asia Pacific Pte Ltd, which is part of Solvay S.A., and in charge of Asia Pacific operations of Solvay. He has over 37 years of Industrial Experience. He has worked for many Companies in different capacities. He has

been working with Solvay Group of Companies since 2003. He has wide experience in areas of operations, marketing, finance and legal.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Director	Nil

Mr. Michel Ybert does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Michel Ybert. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Michel Ybert is concerned or interested in this Resolution.

Item No. 7

Mr. Pierre Franck Valentin was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Pierre Franck Valentin holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Pierre Franck Valentin as a Director.

Mr. Pierre Franck Valentin has a MS degree in Marketing & Finance and Chemical Engineering. He has more than 10 years' experience in the Home & Personal Care market at various positions including sales, marketing and global key account management of big MNCs.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Director	Nil

Mr. Pierre Franck Valentin does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Pierre Franck Valentin. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Pierre Franck Valentin is concerned or interested in this Resolution.

Item No. 8

Mr. Manoj Khullar was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Manoj Khullar holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Manoj Khullar as a Director.

Mr. Manoj Khullar is a B.E.(Chemical Engineering) and M.B.A. from Rotterdam School of Management. Mr. Khullar has a work experience over 19 years. He has vast experience in the areas of technical, manufacturing and marketing.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Alternate Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Managing Director	Audit Committee Investors Grievances Committee

Mr. Manoj Khullar does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Manoj Khullar. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Manoj Khullar is concerned or interested in this Resolution.

Sunshield Chemicals Limited

Item No. 9

Mr. Sanjeev Mukherjee was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Sanjeev Mukerjee holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Sanjeev Mukerjee as a Director.

Mr. Sanjeev Mukerjee has done B.A. Engineering from Cambridge University UK and is a Chartered Engineer UK Member–Institution of Production Engineers.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Heritage and Environment Protection Association	Director	Nil
2.	Magic Eye Private Limited	Director	Nil
3.	Partap Pandit Limited	Director	Nil
4.	Rhodia Specialty Chemicals India Limited	Director	Audit Committee Investors Grievances Committee – Chairman Remuneration Committee
5.	The Industrial Leather Company Private Limited	Director	Nil

Mr. Sanjeev Mukerjee does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Sanjeev Mukerjee. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Sanjeev Mukerjee is concerned or interested in this Resolution.

Item No. 10

Mr. Yogesh Thar was appointed as an Additional Director on the Board of the Company with effect

from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Yogesh Thar holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Yogesh Thar as a Director.

Mr. Yogesh Thar is a Chartered Accountant and Tax Consultant. He is advising various corporate on tax matters. He is the Chairman of Audit Committee.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Lil Investment Limited	Director	Nil
2.	Kewal Kiran Clothing Limited	Director	Nil
3.	Rhodia Specialty Chemicals India Limited	Director	Audit Committee – Chairman Remuneration Committee - Chairman

Mr. Yogesh Thar does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Yogesh Thar. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Yogesh Thar is concerned or interested in this Resolution.

Item No. 11

The members of the Company at Extra Ordinary General Meeting held on 4th April, 2006 had given their consent to the Board of Directors of the Company to borrow money under section 293(1)(d) of the Companies Act, 1956 upto a sum of ₹ 75 crores. For the purpose of expansion of business, the Company needs to borrow more funds from different parties like Banks and Financial Institutions.

The Board seeks the approval of the members to raise the aggregate limit of borrowing from ₹ 75 crores to ₹ 100 crores as mentioned in the resolution set out in item no. 11.

As per Section 293(1)(d) of the Companies Act, 1956, approval of the shareholders by way of ordinary

resolution is required to be given to the Board of Directors of the Company, to borrow money by mortgage of the assets/properties both movable and immovable, of the Company.

None of the Directors is, in any way, concerned with or interested in the resolution at item no. 11.

Item No. 12

The members of the Company at the Extra Ordinary General Meeting held on 4th April, 2006 had given their consent to the Board of Directors of the Company to mortgage and/or charge from time to time the assets both movable and immovable on such terms and conditions as they think fit in favour of Banks and Financial Institutions upto an aggregate value of ₹ 75 crores.

The Board seeks the approval of the members to create mortgage/charge over the assets of the Company in view of the limit of borrowing being raised from ₹ 75 crores to ₹ 100 crores.

As per Section 293(1)(a) of the Companies Act, 1956, approval of the shareholders by way of ordinary resolution is required to be given to the Board of Directors of the Company, to borrow money by mortgage of the assets/properties, both movable and immovable, of the company.

The Board of Directors seeks the consent of the members for the purpose.

None of the Directors is in any way, concerned with or interested in the resolution at item no. 12.

Item No. 13

The members of the Company had at the 23rd Annual General Meeting of the Company held on 29th July 2010 approved the reappointment of Mr. Satish Kelkar as an Advisor to the Company with effect from 1st October, 2010 for a period of three years.

The Board of Directors of the Company at its meeting held on 27th May, 2013, subject to the approval of the members and approval of Central Government, appointed Mr. Satish Kelkar, Director of the Company as an Advisor to the Company for a further period of two years on monthly retainership fees of ₹ 2,00,000/- (Rupees Two Lacs only) with effect from 1st October, 2013.

Mr. Satish Kelkar is B.Sc. from Mumbai University and has Masters Degree in Management Studies (MMS). He has experience of more than three decades in the business of manufacturing and marketing of Specialty Chemicals, Anti-oxidants, Surfactants and other

Ethylene Oxide Condensates having been connected with Sunshield Chemicals Limited. He is the past president of Indian Specialty Chemicals Manufacturers Association (ISCMA). He was working as Managing Director of the Company from April 1992 to September, 2007 and has managed the Company in difficult situations and severe competition in the Industry. He was instrumental in selling Company's products to many of the large Indian Corporates like Asian Paints, Kansai Nerolac Paints, Excel Corp Care, United Phosphorous etc. He developed export relationships with large multinationals like Lubrizol of U.S.A., Altana of Germany, Owens Corning of U.S.A., Ciba of Switzerland etc. and entered into long term contracts for the Company for export of its products.

In terms of Section 309(4) of the Companies Act, 1956, payment of any remuneration to Mr. Satish Kelkar will require prior approval of the shareholders and also approval of the Central Government.

The draft of the Agreement to be entered into by the Company with Mr. Satish Kelkar 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.

The Company will continue to be vastly benefited from the professional capabilities and varied experience of Mr. Satish Kelkar. The Board, therefore, recommends his appointment as an Advisor to the Company.

None of the Directors, other than Mr. Satish Kelkar is, in any way, concerned or interested in this Resolution.

Item No. 14

As members are aware, the Non-Executive Directors of the Company, including Alternate Directors, are entitled to remuneration by way of commission. It is intended to seek approval of the members to pay such commission for a period of five financial years from 1st April, 2013.

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

All the Non-Executive Directors including Alternate Directors are interested in the above mentioned resolution.

By Order of the Board of Directors
For **SUNSHIELD CHEMICALS LIMITED**

Mumbai,
7th June, 2013

Amit Kumashi
Company Secretary

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

Brief resume of the Directors who seek re-appointment:-

Name: **Mr. Satish Kelkar**

Mr. Satish Kelkar (65) is a B.Sc. from Mumbai University and has Masters Degree in Management Studies (MMS).

Mr. Satish Kelkar has experience of more than three decades in the business of manufacturing and marketing of Specialty Chemicals, Anti-oxidants, Surfactants and other Ethylene Oxide, Condensates having been connected with Sunshield Chemicals Limited. He is the past president of Indian Specialty Chemicals Manufacturers Association (ISCMA).

Mr. Satish Kelkar was named as one of the Director of the Company at the time of incorporation of the Company. In the year April 1992 Mr. Satish Kelkar was appointed as Managing Director of the Company. He was working as Managing Director of the Company from April 1992 to September, 2007. Mr. Satish Kelkar continues to be Director of the Company and has been reappointed Advisor with effect from 1st October, 2010. Mr. Satish Kelkar is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. Satish Kelkar does not hold any Directorship and Committee Membership of other Public Limited Companies.

He is holding 98,207 (1.34%) Equity Shares of ₹ 10/- each in the Company.



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SUNSHIELD CHEMICALS LIMITED

26th ANNUAL REPORT

2012-13

Performance Summary

₹ In Lacs

Particulars	Percentage of Growth in comparison to Previous Year (%)	2012-13	2011-12	2010-11	2009-10	2008-09
Volume Sales (M.T)	1	8139.00	8062.00	7972.00	6661.18	5615.51
Revenue						
Gross Sales	11	11184.63	10068.05	8492.33	6864.96	6846.03
Net Sales	12	10530.07	9427.85	7914.23	6450.31	6304.00
Other Income	(78)	20.07	93.30	65.20	5.07	66.25
Cost						
Material Consumed	11	7559.31	6816.66	5539.02	4271.72	4507.60
Employee benefits expense	20	468.37	390.43	326.70	271.75	253.61
Finance costs	(7)	509.75	550.47	409.15	355.10	316.14
Depreciation and amortization expense		248.16	223.89	193.52	181.14	152.88
Other expenses	14	1654.49	1456.35	1246.14	993.04	868.65
Profit before Tax	32	110.07	83.35	264.92	382.63	271.37
Profit After Tax	(6)	91.26	96.83	159.68	304.66	409.28
Exaordinary Items and Prior Period Adjustments		7.03	9.52	9.58	10.50	43.40
Profit/(Loss) for the period	(21)	84.23	106.35	150.10	294.16	365.88
Earning Per Share	(6)	1.24	1.32	2.17	4.00	4.98
Carry Forward (Loss)/Profit		73.90	(10.33)	(116.69)	(266.79)	(560.95)

DIRECTORS

Suresh Talwar	Chairman
Michel Ybert	(Alt. Guo Lin)
Ian Brown	
Pierre Frank Valentin	(Alt. Chen pu)
Manoj Khullar	
Satish Kelkar	
Sanjeev Mukerjee	
Yogesh Thar	
Shrirang Belgaonkar	Wholetime Director

COMPANY SECRETARY

Amit Kumashi

AUDITORS

M/s. Tembey & Mhatre

BANKERS

Bank of Baroda ING Vyasa Ltd.
 The Saraswat Co-op. Bank Ltd. BNP Paribas
 State Bank of India

REGISTERED OFFICE

Phoenix House, "A" Wing. 4th Floor
 462, Senapati Bapat Marg
 Lower Parel (West)
 Mumbai 400 013

REGISTRARS & SHARE TRANSFER AGENTS

TSR Darashaw Private Limited
 6-10, Haji Moosa Patrawala Industrial Estate
 20, Dr. E. Moses Road, Near Famous Studio
 Mahalaxmi, Mumbai – 400 011
 Tel : 022 - 66568484

WORKS

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

C O N T E N T S

Notice	2
Directors' Report	11
Corporate Governance Report	17
Auditors' Report	27
Balance Sheet	32
Profit & Loss Account	33
Cash Flow Statement	34
Notes to Financial Statement	35

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **Sunshield Chemicals Limited** will be held on **Friday, 23rd August, 2013** at 12.00 noon at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2013, 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 Mr. Satish Kelkar, who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification, as an **Ordinary Resolution**, the following:
"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Ashok Pandit & Co. Chartered Accountants, Mumbai (Firm registration number 100674W) be appointed as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax and out of pocket expenses."
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Suresh Talwar, be and is hereby appointed as a Director of the Company."
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Ian Brown, be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Michel Ybert, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Pierre Franck Valentin, be and is hereby appointed as a Director of the Company."
8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Manoj Khullar, be and is hereby appointed as a Director of the Company."
9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Sanjeev Mukerjee, be and is hereby appointed as a Director of the Company."
10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Yogesh Thar, be and is hereby appointed as a Director of the Company."
11. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT in supersession of all earlier resolutions, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow such sum or sums of money in any manner from time to time as may be required for the purposes of business of the Company with or without security and upon such terms and conditions as they may think fit and proper, which sums together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of

business) may exceed the aggregate of the paid up share capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided that the total moneys so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 100 crores."

12. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in supersession of all earlier resolutions, the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company, both present and future, wheresoever situated and the whole or substantially the whole or any part of the undertaking(s) of the Company with power to take over the management of the business and concern of the Company in certain events of default and on such terms and in such form and manner and with such ranking as to security as the Board of Directors may deem fit and proper for securing loans already obtained or that may hereafter be obtained by the Company from, to and in favour of banks whether nationalised, foreign, co-operative or scheduled banks approved by the Reserve Bank of India and all or any of the Public Financial Institutions as may be declared under section 4-A of the Companies Act, 1956 and/or other lending agencies for term loans and/or bridge loans and/or other financial facilities from time to time sanctioned by them to the Company subject to an overall limit of ₹ 100 crores together with interest, additional/penal interest premia on prepayment, costs, commitment charges, expenses thereon and all other moneys payable by the Company to the concerned lenders."

13. 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 297, 309, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the

Central Government and subject also to such other approvals, if any, as may be necessary, the Company hereby approves the appointment of Mr. Satish Kelkar – Director as an Advisor to the Company for a period of two years with effect from 1st October, 2013 on the terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr. Satish Kelkar and the main terms and conditions are given here under:

- (A) Consultancy Fee: Advisor will be paid an consultancy fee of ₹ 2,00,000/- (Rupees Two Lacs only) per month exclusive of service tax applicable, if any.

In addition to the consultancy fee as stated above, Advisor shall be eligible for a bonus that can range between 0 (zero) % and 20 (twenty) % of the consultancy fee, depending on the level of achievement of the financial results of the Company. A "target" bonus of upto 10 (ten) % would be payable if the Company meets its set financial budget. It is understood for the purpose of this agreement that no bonus would be paid if the Company does not meet its set financial targets, and a bonus of upto 20% would be paid if the financial results of the company are at least 20% higher than the set budget. It is noted that the payment of the bonus if any, is at the sole discretion of the Management of the Company. The bonus for the 1st term of the Agreement shall be paid to Advisor on the basis results of the Company for the calendar year 2014. Bonus as stated above shall be paid in the month of January 2015 irrespective of the Agreement is in existence or not.

- (B) Re-imburements: Charges for one mobile connection used by Advisor shall be borne by the Company. For the aforesaid purpose, Advisor shall inform the details of mobile connection to the Company.

Company shall also reimburse reasonable petrol expenses incurred by Advisor to cover visits to plant of the Company and its customers."

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

"RESOLVED THAT, in terms of the provisions of Section 198, 309, 349, 350 and other

applicable provisions of the Companies Act, 1956 and subject to the approval of the financial institutions, if required, the Directors (other than the directors not resident in India but including the alternate directors who are resident in India) who are neither in the whole time employment of the Company nor the Wholetime Director of the Company be paid for a period of five financial years of the Company commencing from 1st April, 2013 remuneration by way of commission not exceeding 1% of the net profits of the Company;

RESOLVED FURTHER THAT the manner and quantum of actual payment of the aforesaid commission to each of the said Directors be decided by the Board of Directors from time to time;

RESOLVED FURTHER THAT the aforesaid commission shall be exclusive of the fees payable to such directors for attending the meetings of the Board or Committees thereof."

**By Order of the Board of Directors
For SUNSHIELD CHEMICALS LIMITED**

Mumbai,
7th June, 2013

Amit Kumashi
Company Secretary

NOTES:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint 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 Proxy forms 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/Proxies/Representatives should bring the enclosed Attendance slip, duly filed in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at 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 **Monday, 19th August, 2013 to Friday, 23rd August, 2013** (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 Private Ltd. having its Office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011.
8. 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 members. 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 their electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form should send letter requesting for registering/changing their existing email ID bearing the signature of Sole/First shareholder to Company's Registrar & Transfer Agents, M/s. TSR Darashaw Private Ltd. having its Office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai-400011.

Annexure to Notice

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

Item No. 3

Tembey & Mhatre, the Statutory Auditors, has informed the Company that they do not wish to be reappointed as Statutory Auditors of the Company. The Board of Directors vide Resolution dated 5th June, 2013 passed by circulation, recommended the appointment of M/s. Ashok Pandit & Co. as Statutory Auditors of the Company.

The Board recommends the Resolution for approval of the Members.

None of the Directors is interested or concerned in the resolution.

Item No. 4

Mr. Suresh Talwar was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Suresh Talwar holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Suresh Talwar as a Director.

Mr. Suresh Talwar is a Bachelor of Commerce and Bachelor of Law. He is a solicitor and Advocate by profession. Mr. Suresh Talwar was a partner in Crawford Bayley & Co., till 31st March 2006 and was a special advisor till 31st December, 2006. He is now a partner in Talwar Thakore & Associates, Mumbai. Mr. Suresh Talwar specializes in various facets of Corporate Law, Corporate Tax, Foreign Exchange Laws, Competition Act, International Issue of Securities by Indian Companies, commercial documents and contracts, etc.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	FCI OEN Connectors Limited	Chairman & Alternate Director	Audit Committee - Chairman
2.	PZ Cussons India Private Limited	Chairman & Alternate Director	Nil

Sr. No.	Name of Company	Position Held	Committee Membership
3.	Transwarranty Finance Limited	Chairman & Alternate Director	Nil
4.	Armstrong World Industries (India) Private Limited	Chairman	Nil
5.	Merck Limited	Chairman	Audit Committee - Chairman
6.	Rhodia Specialty Chemicals India Limited	Chairman	Remuneration Committee
7.	Samson Maritime Limited	Chairman	Remuneration Committee -Chairman
8.	Sidham Finance & Investments Private Limited	Chairman	Nil
9.	Blue Star Limited	Director	Audit Committee - Chairman Remuneration Committee
10.	Biocon Limited	Director	Audit Committee
11.	Birla Sun Life Insurance Company Limited	Director	Nil
12.	Birla Sun Life Trustee Company Private Limited	Director	Audit Committee
13.	Blue Star Infotech Limited	Director	Audit Committee
14.	Chowgule and Company Private Limited	Director	Nil
15.	Chowgule Ports & Infrastructure Private Limited	Director	Nil
16.	Decagon Investments Private Limited	Director	Nil
17.	Elantas Beck India Limited	Director	Audit Committee
18.	Epitome Global Services Private Limited	Director	Nil
19.	ESAB India Limited	Director	Nil
20.	Greaves Cotton Limited	Director	Audit Committee, Investors Grievance and Share Transfer Committee Remuneration Committee - Chairman

Sunshield Chemicals Limited

Sr. No.	Name of Company	Position Held	Committee Membership
21.	India Value Fund Trustee Company Private Limited	Director	Nil
22.	IVF Trustee Company Private Limited	Director	Nil
23.	John Fowler (India) Private Limited	Director	Nil
24.	L&T Metro Rail (Hyderabad) Limited	Director	Nil
25.	Larsen and Toubro Limited	Director	Nomination-cum Compensation Committee
26.	Morgan Stanley India Capital Private Limited	Director	Audit Committee
27.	Phillip (India) Private Limited	Director	Nil
28.	Rediffusion Dentsu Young and Rubicam Private Limited	Director	Nil
29.	Sandvik Asia Private Limited	Director	Audit Committee - Chairman
30.	Shrenuj and Company Limited	Director	Nil
31.	Snowcem Paints Private Limited	Director	Nil
32.	Sonata Software Limited	Director	Remuneration Committee
33.	Swiss Re-shared Services (India) Private Limited	Director	Nil
34.	TTK Healthcare TPA Private Limited	Director	Nil
35.	Warner Bros Pictures (India) Private Limited	Director	Nil
36.	Johnson and Johnson Limited	Alternate Director	Nil
37.	Uhde India Private Limited	Alternate Director	Nil

Mr. Suresh Talwar does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Suresh Talwar. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Suresh Talwar is concerned or interested in this Resolution.

Item No. 5

Mr. Ian Brown was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Ian Brown holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Ian Brown as a Director.

Mr. Ian Brown is a member of Chartered Institute of Management Accountants. He is working as Finance Vice President of Solvay Asia Pacific. He has over 20 years of Industrial Experience. He has been working with Solvay Group of Companies in various capacities since 1999. He has worked in different Companies and has wide experience in Finance.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Alternate Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Director	Nil

Mr. Ian Brown does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Ian Brown. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Ian Brown is concerned or interested in this Resolution.

Item No. 6

Mr. Michel Ybert was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Michel Ybert holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Michel Ybert as a Director.

Mr. Michel Ybert is the President of Rhodia Asia Pacific Pte Ltd, which is part of Solvay S.A., and in charge of Asia Pacific operations of Solvay. He has over 37 years of Industrial Experience. He has worked for many Companies in different capacities. He has

been working with Solvay Group of Companies since 2003. He has wide experience in areas of operations, marketing, finance and legal.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Director	Nil

Mr. Michel Ybert does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Michel Ybert. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Michel Ybert is concerned or interested in this Resolution.

Item No. 7

Mr. Pierre Franck Valentin was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Pierre Franck Valentin holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Pierre Franck Valentin as a Director.

Mr. Pierre Franck Valentin has a MS degree in Marketing & Finance and Chemical Engineering. He has more than 10 years' experience in the Home & Personal Care market at various positions including sales, marketing and global key account management of big MNCs.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Director	Nil

Mr. Pierre Franck Valentin does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Pierre Franck Valentin. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Pierre Franck Valentin is concerned or interested in this Resolution.

Item No. 8

Mr. Manoj Khullar was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Manoj Khullar holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Manoj Khullar as a Director.

Mr. Manoj Khullar is a B.E.(Chemical Engineering) and M.B.A. from Rotterdam School of Management. Mr. Khullar has a work experience over 19 years. He has vast experience in the areas of technical, manufacturing and marketing.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Alternate Director	Nil
2.	Rhodia Specialty Chemicals India Limited	Managing Director	Audit Committee Investors Grievances Committee

Mr. Manoj Khullar does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Manoj Khullar. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Manoj Khullar is concerned or interested in this Resolution.

Sunshield Chemicals Limited

Item No. 9

Mr. Sanjeev Mukherjee was appointed as an Additional Director on the Board of the Company with effect from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Sanjeev Mukerjee holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Sanjeev Mukerjee as a Director.

Mr. Sanjeev Mukerjee has done B.A. Engineering from Cambridge University UK and is a Chartered Engineer UK Member–Institution of Production Engineers.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Heritage and Environment Protection Association	Director	Nil
2.	Magic Eye Private Limited	Director	Nil
3.	Partap Pandit Limited	Director	Nil
4.	Rhodia Specialty Chemicals India Limited	Director	Audit Committee Investors Grievances Committee – Chairman Remuneration Committee
5.	The Industrial Leather Company Private Limited	Director	Nil

Mr. Sanjeev Mukerjee does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Sanjeev Mukerjee. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Sanjeev Mukerjee is concerned or interested in this Resolution.

Item No. 10

Mr. Yogesh Thar was appointed as an Additional Director on the Board of the Company with effect

from 27th December, 2012, pursuant to Section 260 of the Companies Act, 1956. Mr. Yogesh Thar holds office of Director upto the date of the forthcoming Annual general meeting of the Company. Notice has been received under Section 257 of the Companies Act 1956, proposing the appointment of Mr. Yogesh Thar as a Director.

Mr. Yogesh Thar is a Chartered Accountant and Tax Consultant. He is advising various corporate on tax matters. He is the Chairman of Audit Committee.

He is holding directorship in the following Indian Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Lil Investment Limited	Director	Nil
2.	Kewal Kiran Clothing Limited	Director	Nil
3.	Rhodia Specialty Chemicals India Limited	Director	Audit Committee – Chairman Remuneration Committee - Chairman

Mr. Yogesh Thar does not hold any shares in the Company.

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Yogesh Thar. The Board, therefore, recommends his appointment as a Director of the Company.

None of the Directors, other than, Mr. Yogesh Thar is concerned or interested in this Resolution.

Item No. 11

The members of the Company at Extra Ordinary General Meeting held on 4th April, 2006 had given their consent to the Board of Directors of the Company to borrow money under section 293(1)(d) of the Companies Act, 1956 upto a sum of ₹ 75 crores. For the purpose of expansion of business, the Company needs to borrow more funds from different parties like Banks and Financial Institutions.

The Board seeks the approval of the members to raise the aggregate limit of borrowing from ₹ 75 crores to ₹ 100 crores as mentioned in the resolution set out in item no. 11.

As per Section 293(1)(d) of the Companies Act, 1956, approval of the shareholders by way of ordinary

resolution is required to be given to the Board of Directors of the Company, to borrow money by mortgage of the assets/properties both movable and immovable, of the Company.

None of the Directors is, in any way, concerned with or interested in the resolution at item no. 11.

Item No. 12

The members of the Company at the Extra Ordinary General Meeting held on 4th April, 2006 had given their consent to the Board of Directors of the Company to mortgage and/or charge from time to time the assets both movable and immovable on such terms and conditions as they think fit in favour of Banks and Financial Institutions upto an aggregate value of ₹ 75 crores.

The Board seeks the approval of the members to create mortgage/charge over the assets of the Company in view of the limit of borrowing being raised from ₹ 75 crores to ₹ 100 crores.

As per Section 293(1)(a) of the Companies Act, 1956, approval of the shareholders by way of ordinary resolution is required to be given to the Board of Directors of the Company, to borrow money by mortgage of the assets/properties, both movable and immovable, of the company.

The Board of Directors seeks the consent of the members for the purpose.

None of the Directors is in any way, concerned with or interested in the resolution at item no. 12.

Item No. 13

The members of the Company had at the 23rd Annual General Meeting of the Company held on 29th July 2010 approved the reappointment of Mr. Satish Kelkar as an Advisor to the Company with effect from 1st October, 2010 for a period of three years.

The Board of Directors of the Company at its meeting held on 27th May, 2013, subject to the approval of the members and approval of Central Government, appointed Mr. Satish Kelkar, Director of the Company as an Advisor to the Company for a further period of two years on monthly retainership fees of ₹ 2,00,000/- (Rupees Two Lacs only) with effect from 1st October, 2013.

Mr. Satish Kelkar is B.Sc. from Mumbai University and has Masters Degree in Management Studies (MMS). He has experience of more than three decades in the business of manufacturing and marketing of Specialty Chemicals, Anti-oxidants, Surfactants and other

Ethylene Oxide Condensates having been connected with Sunshield Chemicals Limited. He is the past president of Indian Specialty Chemicals Manufacturers Association (ISCMA). He was working as Managing Director of the Company from April 1992 to September, 2007 and has managed the Company in difficult situations and severe competition in the Industry. He was instrumental in selling Company's products to many of the large Indian Corporates like Asian Paints, Kansai Nerolac Paints, Excel Corp Care, United Phosphorous etc. He developed export relationships with large multinationals like Lubrizol of U.S.A., Altana of Germany, Owens Corning of U.S.A., Ciba of Switzerland etc. and entered into long term contracts for the Company for export of its products.

In terms of Section 309(4) of the Companies Act, 1956, payment of any remuneration to Mr. Satish Kelkar will require prior approval of the shareholders and also approval of the Central Government.

The draft of the Agreement to be entered into by the Company with Mr. Satish Kelkar 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.

The Company will continue to be vastly benefited from the professional capabilities and varied experience of Mr. Satish Kelkar. The Board, therefore, recommends his appointment as an Advisor to the Company.

None of the Directors, other than Mr. Satish Kelkar is, in any way, concerned or interested in this Resolution.

Item No. 14

As members are aware, the Non-Executive Directors of the Company, including Alternate Directors, are entitled to remuneration by way of commission. It is intended to seek approval of the members to pay such commission for a period of five financial years from 1st April, 2013.

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

All the Non-Executive Directors including Alternate Directors are interested in the above mentioned resolution.

By Order of the Board of Directors
For **SUNSHIELD CHEMICALS LIMITED**

Mumbai,
7th June, 2013

Amit Kumashi
Company Secretary

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

Brief resume of the Directors who seek re-appointment:-

Name: **Mr. Satish Kelkar**

Mr. Satish Kelkar (65) is a B.Sc. from Mumbai University and has Masters Degree in Management Studies (MMS).

Mr. Satish Kelkar has experience of more than three decades in the business of manufacturing and marketing of Specialty Chemicals, Anti-oxidants, Surfactants and other Ethylene Oxide, Condensates having been connected with Sunshield Chemicals Limited. He is the past president of Indian Specialty Chemicals Manufacturers Association (ISCMA).

Mr. Satish Kelkar was named as one of the Director of the Company at the time of incorporation of the Company. In the year April 1992 Mr. Satish Kelkar was appointed as Managing Director of the Company. He was working as Managing Director of the Company from April 1992 to September, 2007. Mr. Satish Kelkar continues to be Director of the Company and has been reappointed Advisor with effect from 1st October, 2010. Mr. Satish Kelkar is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. Satish Kelkar does not hold any Directorship and Committee Membership of other Public Limited Companies.

He is holding 98,207 (1.34%) Equity Shares of ₹ 10/- each in the Company.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to submit their 26th Annual Report and Audited Accounts for the year ended 31st March, 2013, also 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 2012-13, is as under:

(₹ In Lacs)

	2012-2013	2011-2012	Change over previous years
Export Sales	6307	4938	28%
Domestic Sales (Net of Excise Duty)	4223	4490	(6%)
Revenue from Operations	10530	9428	12%
Other Income	20	93	(78%)
Total Income	10550	9521	11%
Less : Materials Consumed	7559	6817	11%
Employees Remuneration & Benefits	468	390	20%
Manufacturing, Administrative, Selling & Other Expenses	1655	1457	14%
Total Expenses	9682	8664	12%
Operating Profit (EBITDA)	868	857	1%
Less: Finance Cost	510	550	(7%)
Profit Before Tax & Depreciation (Cash Profit)	358	307	17%
Less: Depreciation	248	224	11%
Net Profit Before Tax	110	83	33%
Less: Tax Provision	19	(14)	
Net Profit after Tax	91	97	(6%)

B. Acquisition of Majority Stake in the Company by Rhodia Amines Chemicals Pte. Ltd. (Part of Solvay Group)

During the year the Agreement for the Sale and Purchase of shares in Sunshield Chemicals Limited was executed between the Company, its erstwhile Promoters and Rhodia Amines Chemicals Pte. Ltd. (part of Solvay S.A. group, Belgium)

In terms of the said Agreement, Rhodia Amines Chemicals Pte. Ltd. on 26th December, 2012 acquired 45,85,196 Equity shares of ₹ 10/- each representing 62.36% Equity Shares in the Company as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011.

Solvay S.A. is an international chemical group committed to sustainable development with a clear focus on innovation and operational excellence. It generates over 90% (ninety per cent) of its sales in markets where it is among the top three leaders. Solvay S.A. offers a broad range of products that contribute to improving the quality of life and the performance of its customers in markets such as consumer goods, construction, automotive, energy, water and environment, and electronics.

C. Management's Discussion and Analysis : F.Y. 2012-2013

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

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. EO, therefore 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

(₹ In Lacs)

	F.Y. 2012-2013	F.Y. 2011-2012	Change over Previous year
(i) Exports	6307	4938	28%
(ii) Domestic	4878	5130	(5%)
Gross Sales	11185	10068	11%
Less: Excise Duty	655	640	2%
Net Sales	10530	9428	12%

	F.Y. 2012- 2013	F.Y. 2011- 2012	Change over Previous year
Volume Sales (MT)	8139	8062	1%
Net Sales Value (₹)	10530	9428	12%

During the year, Sales by Volume went up by 1% from 8062 Mt to 8139 Mt.

The Sales in Value terms went up by 12%. Export Sales went up by 28% from ₹ 4938 lacs to ₹ 6307 Lacs. But domestic Sales went down by 5% from ₹ 5130 lacs in 2011-12 to ₹ 4878 lacs in 2012-13.

EBIDTA was up by 1% at ₹ 868 lacs in the year 2012-13 against EBIDTA of ₹ 857 lacs in the previous year.

Finance Cost came down from ₹ 550 lacs in 2011-12 to ₹ 510 lacs in 2012-13, a drop of 7% over that of previous year.

Cash profit (Profit before Tax & Depreciation) went up by 17% from ₹ 307 lacs in the year 2011-12 to ₹ 358 lacs in the year 2012-13.

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. Company's products range is being accepted all over the world and now Sunshield being part of Novacare (Global Business Unit (GBU) of Solvay group) having a strong presence worldwide, will greatly support and can capture worldwide opportunities for Sunshield's existing and new products.

The operations are being upgraded to achieve much higher global Solvay standards of Safety, Health and Environment, which will be the foundation for sustainable growth of future.

V. Risks and Concerns:

- (i) Slow down in world economies, can bring downward demand from user industry specifically in Europe.

- (ii) Lower overall demand, can bring pressures all over and the aggressive pricing can cause concerns about margins.

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, is being put in place.

VII. Human Resources:

Employee relationships at all levels continued 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 reflects 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.)

D. Dividend

In order to conserve resources, the Board of Directors does not recommend any dividend for the year ended 31st March, 2013.

E. Directors

The Board at its meeting held on 27th December, 2012 had appointed Mr. Suresh Talwar, Mr. Ian Brown, Mr. Yogesh Thar, Mr. Sanjeev Mukerjee, Mr. Michel Ybert, Mr. Pierre-Franck Valentin, and Mr. Manoj Khullar as Additional Directors.

As per the Provision of Section 260 of the Companies Act, 1956, these Directors hold office only up to the date of forthcoming Annual General Meeting of the Company.

The Board at its meeting held on 13th February, 2013 had appointed Mr. Chen Pu and Mr. Guo Lin as Alternate Director to Mr. Pierre Franck Valentin and Mr. Michel Ybert respectively.

With effect from 27th December, 2012 Mr. Amit Choksey, Mr. Ashok Datar, Mr. Bipin Jhaveri, Mr. Dhiren Mehta, Mr. Manubhai Patel and

Mr. Sandeep Junnarkar relinquished their office. Your Directors express their appreciation for the valuable services rendered by them during their tenure.

In accordance with the provision of the Companies Act, 1956 read with Article 166 of the Articles of Association of the Company, Mr. Satish Kelkar, Director of the Company, retires by rotation and being eligible, offers himself, for re-appointment.

The profiles of the Directors seeking re-appointment forms part of the Annexure to the Notice.

None of the Directors are disqualified from being appointed as Directors as specified in Section 274(1)(g) of the Companies Act, 1956.

F. 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, 2013, 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, 2013 on a 'going concern' basis.

G. Fixed Deposits

The Company has not accepted any fixed deposits during the year. During the year, the Company has fully repaid fixed deposits. There has been no default in payment of interest on or repayment of these deposits.

H. Shifting of the Registered Office of the Company

With effect from 15th January, 2013, the Registered Office of the Company has been shifted from N.K.M. International House, 178, Backbay Reclamation, Babubhai Chinai Marg, Mumbai – 400 020 to Phoenix House, 4th Floor, 462, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.

I. Auditors

M/s. Tembey & Mhatre, Chartered Accountants, Auditors of the Company, will retire at the conclusion of the 26th Annual General Meeting and are not seeking re-appointment for the next year.

The Board of Directors vide its resolution dated 5th June, 2013, passed by circulation, has appointed M/s. Ashok Pandit & Co., as Statutory Auditors of the Company. They have issued necessary certificate as required under Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

J. Cost Compliance Report

Cost Compliance Report for the year 2011-12 was filed with the Ministry of Corporate Affairs on 31st January, 2013 in XBRL format.

K. Cost Audit

M/s. Kishore Bhatia & Associates, Cost Accountant has been appointed as the Cost Auditor of the Company under section 233B of the Companies Act, 1956 for the financial year 2012-13. Cost Audit Report for the financial year 2012-13 shall be filed with the Ministry of Corporate Affairs within six months from the closure of the financial year i.e. on or before 30th September 2013.

L. 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.

M. 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.

N. 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.

O. Environment, Health and Safety

Your Company recognizes importance of Health and Safety of its employees and its neighborhood. Regular Safety Audits are being conducted. Your Company has adopted a Health, Safety and Environment (HSE) Policy, which applies to all employees and activities. Company is planning to take major upgradation on Safety, Health and Environment to further higher standards of Safety, Health and Environment in accordance with Policies on Safety, Health and Environment of Solvay Group.

P. 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.

For and On Behalf of the Board of Directors

Mumbai,
7th June, 2013

Suresh Talwar
Chairman

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, 2013.

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) Independent electrical metering and connected load ii) Substitution of use of electricity to the extent possible by steam iii) Co-ordination to optimize batch schedule & iv) Use of wood and briquette as fuel.

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

A plan is under preparation for further upgradation of systems to reduce consumption of energy.

(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

Electricity

Particulars	2012-13	2011-12
(a) Purchased:		
Units (KWH)	29,83,009	23,06,632
Total Amount ₹	2,12,67,993	1,44,17,749
Average Rate/Unit (₹/KWH)	7.13	6.25
Average cost of purchased electricity consumed per unit of production ₹ / MT	2,610.76	1,845.33

Particulars	2012-13	2011-12
(b) Own Generation:		
FO/LDO/HSD consumed (Ltrs.)	1,69,200	1,86,349
Total Cost ₹	79,32,374	82,19,345
Average Rate (₹/ Ltr.)	46.88	44.11
Average cost of own generation electricity consumed per unit of production ₹ / MT	973.74	1051.99

Others/ Internal generations

Particulars	2012-13	2011-12
(a) Briquette Consumed (MT)	1205.74	1309.91
Total Cost ₹	68,10,326	71,59,678
Average Rate of Briquette (₹ / MT)	5648.25	5465.79
Average Briquette Consumed per unit of production	0.148	0.168
Average cost of Briquette consumed per unit of production ₹ / MT	836.01	916.37
(b) Firewood Consumed (MT)	3358.00	3634.00
Total Cost ₹	1,13,29,161	99,92,773
Average Rate of Firewood (₹ / MT)	3383.75	2749.97
Average Firewood Consumed per unit of production	0.411	0.465
Average cost of Firewood consumed per unit of production ₹ / MT	1390.72	1278.97

Sunshield Chemicals Limited

(b) Consumption per unit of Production

Particulars	2012-13	2011-12
Production Units (Mt.)	8146.27	7813.12
Electricity (Units/Mt.)	366.18	295.23
FO/LDO/HSD (Ltr. /Mt).	20.77	23.85
Briquette (Mt/Mt)	0.148	0.168
Firewood (Mt/Mt)	0.411	0.465
Total Cost of Power and Fuel (₹ in lacs)	473.40	397.90
Average Rate of Power and Fuel Consumption per MT of Production	5811.23	5092.66

FORM B

Disclosure of particulars with respect to Technology Absorption, Research and Development: (R & D) as on 31st March, 2013:

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 markets.
- 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:

A detailed plan is under preparation for upgrading the R & D Facilities of the Company.

(4) Expenditure on R & D : (In ₹)

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

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:

- (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

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 is as follows:-

(₹ in Lacs)

	2012-13	2011-12
(i) Total foreign exchange used	2832.27	2278.82
(ii) Total foreign exchange earned	6060.36	4708.43

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 nine Directors (excluding Alternate Directors): Seven Non-Executive Directors (NEDs) and the one Whole-Time Director. Of the Seven NEDs, three are Independent Directors. The Chairman of the Board is not a Promoter of the Company. The number of independent Directors on the Board is in conformity with the requirements of Clause 49(l)(A) of the Listing Agreement. All the Directors of the Company are eligible to retire by rotation except the Wholetime Director.

During the year following changes took place in the constitution of Board of Directors:

(i) Appointments:

Mr. Suresh Talwar, Mr. Ian Brown, Mr. Yogesh Thar, Mr. Sanjeev Mukerjee, Mr. Michel Ybert, Mr. Pierre-Franck Valentin, and Mr. Manoj Khullar as Additional Directors w. e. f. 27th December 2012.

Mr. Chen Pu was appointed as an Alternate Director to Mr. Pierre Franck Valentin w. e. f. 13th February 2013 and Mr. Guo Lin was appointed as an Alternate Director to Mr. Michel Ybert w. e. f. 13th February 2013.

(ii) Resignation:

Mr. Amit Choksey, Mr. Ashok Datar, Mr. Bipin Jhaveri, Mr. Dhiren Mehta, Mr. Manubhai Patel and Mr. Sandeep Junnarkar resigned as Directors w. e. f. 27th December 2012.

Six Board Meetings were held during the financial year ended 31st March, 2013 i.e. on **11th May 2012, 6th August 2012, 13th September, 2012, 6th November 2012, 27th December, 2012 and 13th February 2013.**

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(s)	Category of Directorship	Board Meetings attended	Attendance at last AGM
Mr. Suresh Talwar **	Chairman Independent and Non-Executive	1	NA
Mr. Michel Ybert **	Non-Executive Director	–	NA
Mr. Sanjeev Mukerjee **	Independent and Non-Executive Director	1	NA
Mr. Ian Brown **	Non-Executive Director	–	NA
Mr. Yogesh Thar **	Independent and Non-Executive Director	1	NA
Mr. Manoj Khullar **	Non-Executive Director	1	NA
Mr. Pierre Franck Valentin**	Non-Executive Director	–	NA
Mr. Satish Kelkar	Non-Executive Director	6	Yes
Mr. Shrirang Belgaonkar	Whole-time Director	3	No

Sunshield Chemicals Limited

Name of Director(s)	Category of Directorship	Board Meetings attended	Attendance at last AGM
Mr. Chen Pu *** (Alternate to Mr. Pierre Franck Valentin)	Non-Executive Alternate Director	–	NA
Mr. Guo Lin *** (Alternate to Mr. Michel Ybert)	Non-Executive Alternate Director	–	NA
Mr. Amit Choksey *	Non-Executive Director	5	Yes
Mr. Ashok Datar *	Non-Executive and Independent Director	5	Yes
Mr. Bipin Jhaveri *	Non-Executive and Independent Director	5	Yes
Mr. Dhiren Mehta *	Non-Executive Director	5	Yes
Mr. Manubhai Patel *	Non-Executive and Independent Director	4	Yes
Mr. Sandeep Junnarkar *	Non-Executive and Independent Director	4	Yes

* Ceased to be Directors with effect from 27th December, 2012.

** Appointed as Additional Directors effective from 27th December, 2012

*** Appointed as Alternate Directors effective from 13th February, 2013.

Agenda papers, containing relevant 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 Indian Companies other than Sunshield Chemicals Limited is as follows:

Name of Directors	No. of other Directorships held #	No. of Audit Committees and Shareholders/Investors Grievance Committees in which Chairman/member	
		Chairman	Member
Mr. Suresh Talwar	14	2	5
Mr. Michel Ybert	2	Nil	Nil
Mr. Sanjeev Mukerjee	2	1	1
Mr. Ian Brown	2	Nil	Nil
Mr. Yogesh Thar	3	1	Nil
Mr. Manoj Khullar	1	Nil	2
Mr. Pierre Franck Valentin	2	Nil	Nil
Mr. Satish Kelkar	–	Nil	Nil
Mr. Shrirang Belgaonkar	–	Nil	Nil
Mr. Chen Pu ***	–	Nil	Nil
Mr. Guo Lin ***	–	Nil	Nil

*** Mr. Chen Pu and Mr. Guo Lin have been appointed as Alternate Director to Mr. Pierre Franck Valentin and Mr. Michel Ybert respectively with effect from 13th February 2013.

excludes Directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

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 Mr. Shrirang Belgaonkar, Wholetime Director is appearing elsewhere in the Annual Report.

3. Audit Committee

Audit Committee till 27th December, 2012 comprised of five Directors viz., Mr. Manubhai Patel as Chairman, Mr. Ashok Datar, Mr. Bipin Jhaveri, Mr. Dhiren Mehta and Mr. Satish Kelkar as members.

Audit Committee effective from 27th December, 2012 has been reconstituted to include four Directors viz., Mr. Yogesh Thar, Mr. Sanjeev Mukerjee, Mr. Manoj Khullar and Mr. Satish Kelkar. It has two Independent directors viz. Mr. Yogesh Thar and Mr. Sanjeev Mukerjee. Mr. Yogesh Thar is Chairman of the 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.

Four Audit Committee Meetings were held during the financial year 2012-13 i.e. on **11th May 2012, 6th August 2012, 6th November 2012** and **13th February 2013**.

Attendance at Audit Committee Meetings:

Name	Numbers of Meetings held – Four Attended
Mr. Yogesh Thar **	1
Mr. Sanjeev Mukerjee **	1
Mr. Manoj Khullar **	1
Mr. Satish Kelkar	4
Mr. Manubhai Patel *	3
Mr. Ashok Datar *	3
Mr. Bipin Jhaveri *	3
Mr. Dhiren Mehta *	3

* Ceased to be Members with effect from 27th December, 2012.

** Appointed as Members effective from 27th December, 2012.

Representatives of the Internal Auditor and the Statutory Auditor Firms 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 292A of the Companies Act, 1956 and also under clause 49 of the Listing Agreement.

4. Remuneration Committee:

To comply with the requirements of Schedule XIII of the Companies Act, 1956. Remuneration Committee consisting of Mr. Bipin Jhaveri as Chairman, Mr. Ashok Datar and Mr. Manubhai Patel was in operation till 27th December, 2012.

Remuneration Committee effective from 27th December, 2012 has been reconstituted to include three Directors viz. Mr. Suresh Talwar, Mr. Yogesh Thar and Mr. Sanjeev Mukerjee.

During the year one Remuneration Committee Meeting was held on 11th May 2012. The meeting was attended by Mr. Bipin Jhaveri, Mr. Ashok Datar and Mr. Manubhai Patel.

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.

With effect from 1st January, 2013 the Sitting Fees payable to the Directors of the Company for attending Board meetings/Committee meetings is revised to ₹ 20,000/- per meeting

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

Details of Directors' remuneration and sitting fees paid in the financial year, 2012-13 as on 31st March 2013 are given below:

• Non-Executives Directors

Name of Director	Sitting Fees (₹)
Mr. Suresh Talwar **	20,000
Mr. Michel Ybert **	Nil
Mr. Sanjeev Mukerjee **	40,000
Mr. Ian Brown **	Nil
Mr. Yogesh Thar **	40,000
Mr. Manoj Khullar **	Nil
Mr. Pierre Franck Valentin **	Nil
Mr. Satish Kelkar	80,000
Mr. Chen Pu ***	Nil
Mr. Guo Lin ***	Nil
Mr. Amit Choksey *	25,000
Mr. Ashok Datar *	15,000
Mr. Bipin Jhaveri *	45,000
Mr. Dhiren Mehta *	40,000
Mr. Manubhai Patel *	40,000
Mr. Sandeep Junnarkar *	20,000

* Resigned as Directors with effect from 27th December, 2012.

** Appointed as Additional Directors effective from 27th December, 2012

*** Appointed as Alternate Directors effective from 13th February, 2013.

• Whole Time Director

(In ₹)

Name of Director	Salary	Perquisites	Other Allowances#	Contribution to Statutory Funds	Total
Shrirang Belgaonkar	7,77,600	12,64,788	7,50,000	93,312	28,85,700

Other Allowances includes ₹ 4,50,000 paid as Performance Incentive and ₹ 3,00,000/- paid as one-time special payment for meeting medical expenses.

Shareholding by Directors:

Name of Director	No. of shares held
Mr. Satish Kelkar	98,207
Mr. Shrirang Belgaonkar*	13,929

* Shares are jointly held with Mrs. Devyani Belgaonkar and Mr. Nikhil Belgaonkar.

None of the other Directors holds any shares in the Company.

The Company has no Stock Option Scheme for any of its Directors.

5. Shareholders/Investors Grievances Committee:

Shareholders/Investors Grievances Committee effective from 27th December, 2012 has been reconstituted to include three Directors viz. Mr. Sanjeev Mukerjee, Mr. Yogesh Thar and Mr. Manoj Khullar.

During the financial year 2012-13, no committee meeting was held.

During the year under review 42 correspondences were received from Company's Shareholders on various subjects such as loss of securities, request for change in address, request for name correction, request for issue of duplicate share certificate, request of transmission of shares, dematerialization request and request for transfer of securities which were replied in time. No Complaints were received during the period under review.

Mr. Amit 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), SEBI, Ministry of Corporate Affairs etc., relating to Investors' grievances/complaints.

With reference to clause 47(f) of the Listing Agreement, Company has designated exclusive e-mail ID investor.sunshield@solvay.com 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
2011-12	25 th	M. C. Ghia Hall,	Tuesday, 7 th August, 2012	11.30 a.m
2010-11	24 th	Bhoghilal Hargovindas Building, 2 nd Floor, 18/20, K. Dubash Marg,	Tuesday, 26 th July, 2011	11.30 a.m
2009-10	23 rd	Kala Ghoda, Mumbai – 400 023	Thursday, 29 th July, 2010	11.30 a.m

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

(i) At 25th AGM held on 7th August 2012

- Approval of one-time special payment to Mr. Shrirang Belgaonkar, as Wholetime Director of the Company.

(ii) At 24th AGM held on 26th July 2011

- Re-appointment of Mr. Shrirang Belgaonkar, as Wholetime Director for a period of three years effective from 24th July 2011.

(iii) At 23rd AGM held on 29th July 2010

- Revision in Remuneration of Mr. Shrirang Belgaonkar, Wholetime Director of the Company.

Sunshield Chemicals Limited

- Appointment of Mrs. Sonali Kelkar as HRD Consultant.
- Keeping Register of Members and Index of Members at the Office of Registrar and Share Transfer Agent.
- Re-appointment of Mr. Satish Kelkar as Advisor to the Company.

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

7. Disclosures:

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

The Company believes that it has complied with all the regulations of Stock Exchanges, 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:

Certification from the CEO and the CFO as required under clause 49(V) of the Listing Agreement, were placed before the Board of Directors of the Company in its Meeting held on 27th May, 2013 to approve the Audited Annual Accounts for the year ended 31st March, 2013.

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 Company's website www.sunshield.in. 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:

- 26th Annual General Meeting will be held on **Friday, 23rd August 2013** at 12.00 noon at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021.
- The Company's financial Year is from on 1st April to 31st March.
- Dates of book closure **Monday, 19th August 2013** to **Friday, 23rd August 2013** (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.
- The Company has paid custodial fees for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited.
- Stock Code/Symbol

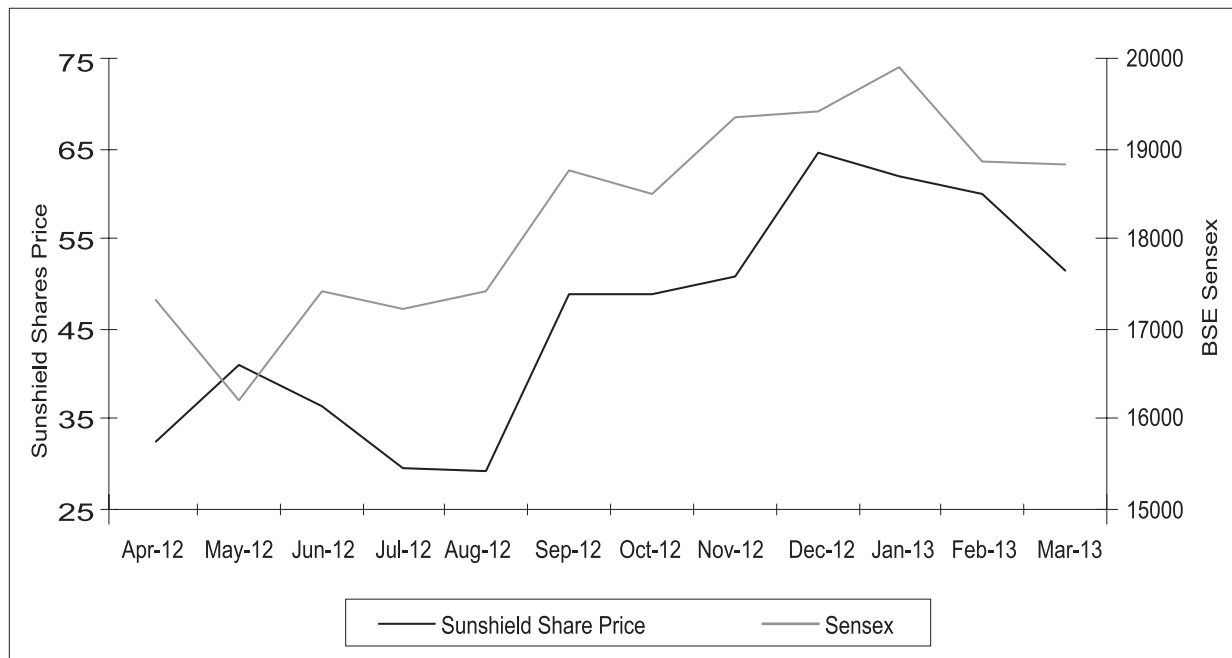
BSE Limited	530845
International Securities Identification Number (ISIN)	INE199E01014
Corporate Identity Number (CIN) – allotted by the Ministry of Corporate Affairs	L99999MH1986PLC041612

(g) Market Price Data:

Monthly high & low and closing prices of Sunshield's shares and number of shares traded during each month in the financial year 2012-13 on BSE Limited:

Month	Year	BSE Limited			
		High (₹)	Low (₹)	Close (₹)	Total Number of Shares Traded
April	2012	33.85	27.50	32.50	18,243
May	2012	47.80	27.30	40.90	78,400
June	2012	40.90	34.00	36.45	8,589
July	2012	37.80	29.40	29.50	14,414
August	2012	35.40	28.05	29.10	21,698
September	2012	50.70	28.00	48.80	1,72,053
October	2012	50.25	47.50	48.75	1,23,715
November	2012	50.85	48.10	50.75	1,02,910
December	2012	76.00	50.00	64.45	9,78,677
January	2013	69.00	54.50	61.85	1,66,803
February	2013	72.00	57.20	59.90	1,30,419
March	2013	64.95	49.00	51.40	40,580

(h) Stock Performance Index :



(i) Registrars and Share Transfer Agents:

TSR Darashaw Private Limited continue to be the Registrar and Transfer Agents of the Company, for processing transfers, handling correspondence of shareholders, 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

Sunshield Chemicals Limited

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:

TSR Darashaw Private Limited

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road,

Near Famous Studio,

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 2013:

Category	No. of Shareholders	% to total No. of Shareholders	No. of shares	% to total Shares
1 - 500	2,289	76.71	4,45,957	6.06
501 - 1000	305	10.22	2,47,440	3.37
1001 - 2000	168	5.63	2,50,959	3.41
2001 - 3000	58	1.94	1,45,501	1.98
3001 - 4000	33	1.11	1,16,708	1.59
4001 - 5000	36	1.21	1,72,332	2.34
5001 - 10000	52	1.74	3,94,053	5.36
Above 10001	43	1.44	55,80,110	75.89
Total	2,984	100.00	73,53,060	100.00

Categories of Shareholding as on 31st March 2013:

Sr. No.	Category	No. of Shares	% of shareholding
1.	Promoters' Holding		
	Foreign Promoters	45,85,196	62.36
2.	Non promoters' Holding		
	Mutual Funds/UTI	700	0.01
	Central Government/State Government	200	0.00
	Indian Public	25,62,597	34.85
	Non Resident Indians	29,973	0.41
	Other Corporate Bodies	1,74,394	2.37
	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 2013, 71,51,295 Equity Shares comprising of 97.26% 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, Wave
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
Sunshield Chemicals Limited Phoenix House, 4 th Floor, 462, Senapati Bapat Marg, Lower Parel (west) Mumbai – 400 013 Tel : 022 – 66637100 Fax: 022 - 24952834	TSR Darashaw Private Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011. Tel : 022 - 66568484 Fax: 022 – 66568494
Website: www.sunshield.in E-mail: investor.sunshield@solvay.com	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 2013, have affirmed compliance with code of conduct.

For Sunshield Chemicals Limited

Mumbai,
27th May, 2013

Shrirang Belgaonkar
Wholtime 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 **2012-13**, 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 2013, 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
(Regn. No. 116359W)

Mumbai,
27th May, 2013

Vikas Mhatre
Partner
Membership No. 034195

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNSHIELD CHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sunshield Chemicals Ltd. (the Company), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate

in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with Accounting Principles generally accepted in India;

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (ii) In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date: and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, (the order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order to the extent applicable.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 those books;
 - (c) The Balance Sheet and the Statement of Profit & Loss and the 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 Statement of Profit & Loss and the Cash Flow Statement comply 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, 2013, 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, 2013 from being appointed as Director

in term of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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

(VIKAS S. MHATRE)
Partner
Membership No. 034195

Date: 27th May 2013

Place: Mumbai

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under **Report on other Legal and Regulatory Requirements** of our report of even date)

- (i) 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.
- (ii) 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.
- (iii) 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) There has been change of management in the Company, w.e.f. from 26th December 2012. The Company had taken loans which are repayable on demand from six parties covered in the register maintained under section 301 of the Act, that were applicable to the earlier management. These were repaid before the year end. The maximum amount involved during the year and the year-end balance of such loans aggregates to ₹ 776 Lakhs and ₹ NIL. 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 were not prejudicial to the interest of the Company. The Company has provided for interest in the books of accounts.
- (c) Similarly, subsequent to the change of management in the Company, the Company has taken a loan from a party covered in the register maintained under section 301 of the act. The said loan is repayable on demand. The maximum amount involved during the year and the year-end balance of such loans aggregates to ₹ 1500 Lakhs and ₹ 1500 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 were not prejudicial to the interest of the Company. The Company has provided for interest in the books of accounts.
- (iv) 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.
- (v) 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 need to be entered into the register maintained u/s 301 of the act 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 in respect of each party. Having regard to prevailing market price at relevant time, we are of the opinion that these transaction were made at reasonable price.
- (vi) 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.
- (vii) The Company has a firm of Chartered Accountants as internal auditors of the Company who conducts 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.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) 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. According to the Information and explanations given to us, no undisputed amounts payable in respect of providend fund, investor

education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues were outstanding, at the yearend for a period of more than six months from the date they became payable

According to the records of the Company, the dues outstanding of income-tax on account of any dispute as follows:

₹ In Lakhs

Sr. No	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
1	Assessment	113.89	a. y. 2007-08	ITAT

- (x) The Company had accumulated loss of ₹ 10.33 Lakhs at the end of the preceding year whereas it does not have any accumulated loss as on 31st March 2013. It is observed that the Company has not incurred cash loss in the current year as well as in the immediately preceding financial year.
- (xi) 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 the review date there is no default in the repayment of dues to financial institutions, banks or debenture holders.
- (xii) 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.
- (xiii) In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company
- (xiv) The Company is not dealing in or trading in shares, securities, debenture and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order is not applicable.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) During the year under review, the Company has raised a new term loan. The term loans

outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.

- (xvii) 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 there are no the funds raised on short term basis that have been used for long term investments by the Company.
- (xviii) 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.
- (xix) The Company has not issued any debenture.
- (xx) The Company has not raised any monies by way of public issues during the year.
- (xxi) 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 instances 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
(Regn. No. 116359W)

(VIKAS S. MHATRE)
Partner
Membership No. 034195

Date: 27th May 2013
Place: Mumbai

Balance Sheet As At March 31, 2013

Particulars	Note No.	₹ In Lacs	
		As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1.1	735.31	735.31
(b) Reserves and surplus	1.2	1,410.56	1,326.33
	A	2,145.87	2,061.64
(2) Share application money pending allotment			
		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	1.3	1,851.65	1,913.40
(b) Long-term provisions	1.4	46.87	26.83
	B	1,898.52	1,940.23
(4) Current liabilities			
(a) Short-term borrowings	1.5	1,013.32	1,845.71
(b) Trade payables	1.6	1,320.29	1,248.01
(c) Other current liabilities	1.7	1,512.10	571.69
(d) Short-term provisions	1.8	292.87	99.37
	C	4,138.58	3,764.78
TOTAL	A+B+C	8,182.97	7,766.65
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	1.9		
(i) Tangible assets		3,551.15	3,647.13
(ii) Capital work-in-progress		36.98	32.56
	D	3,588.13	3,679.69
(b) Non-current investments	1.10	427.75	427.75
(c) Deferred tax assets (net)	1.11	190.32	188.63
(d) Long-term loans and advances	1.12	-	39.47
	E	618.07	655.85
(2) Current Assets			
(a) Inventories	1.13	1,140.44	1,012.16
(b) Trade receivables	1.14	2,188.13	1,911.26
(c) Cash and Bank Balances	1.15	51.70	75.08
(d) Short-term loans and advances	1.16	105.12	53.14
(e) Other Current assets	1.17	491.38	379.47
	F	3,976.77	3,431.11
TOTAL	D+E+F	8,182.97	7,766.65

See accompanying notes to the financial statements, as under

Significant Accounting Policies	2
Other Notes	3

In terms of our report of even date

Tembey & Mhatre
Chartered Accountants

Firm Registration No. 116359W

Vikas Mhatre
Partner

Membership No. 034195

Mumbai, 27th May 2013

For and on behalf of the Board of Directors of

Sunshield Chemicals Limited

Suresh Talwar
Chairman

Rajeev Gupte
Chief Financial Officer

Yogesh Thar
Director

Shrirang Belgaonkar
Wholetime Director

Amit Kumashi
Company Secretary

Statement of Profit and Loss For the Year Ended March 31, 2013

₹ In Lacs

Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I. Revenue from operations	1.18	10,530.07	9,427.85
II. Other income	1.19	20.07	93.30
III. Total Revenue (I + II)		10,550.14	9,521.15
IV. Expenses:			
Cost of materials consumed	1.20	7,644.97	6,950.66
Changes in inventories of finished goods, work-in-progress	1.21	(85.67)	(134.00)
Employee benefits expense	1.22	468.37	390.43
Finance costs	1.23	509.75	550.47
Depreciation and amortization expense	1.9	248.16	223.89
Other expenses	1.24	1,654.49	1,456.35
Total Expenses		10,440.07	9,437.80
V. Profit before tax (III - IV)		110.07	83.35
VI. Tax Expenses:			
(1) Current Tax		(20.50)	(18.00)
(2) Deferred Tax	1.11	1.69	31.48
VII. Profit / (Loss) for the period from continuing operations (V-VI)		91.26	96.83
VIII. Profit/(Loss) from discontinuing operations		-	-
IX. Profit/(Loss) for the year		91.26	96.83
X. Earnings per equity share:	1.25		
(1) Basic		1.24	1.32
(2) Diluted		1.24	1.32
See accompanying notes to the financial statements, as under			
Significant Accounting Policies	2		
Other Notes	3		

In terms of our report of even date

Tembey & Mhatre
Chartered Accountants

Firm Registration No. 116359W

Vikas Mhatre

Partner

Membership No. 034195

Mumbai, 27th May 2013

For and on behalf of the Board of Directors of

Sunshield Chemicals Limited

Suresh Talwar
Chairman

Yogesh Thar
Director

Shrirang Belgaonkar
Wholetime Director

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

Mumbai, 27th May 2013

CASH FLOW STATEMENT

₹ In Lacs

	Year ended 31.03.2013	Year ended 31.03.2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	110.07	83.35
Adjustments for		
1. Depreciation	248.16	223.89
2. Interest Income	(4.62)	(4.42)
3. Dividend Income	(0.05)	(0.05)
4. (Profit)/Loss on Sale of Fixed Assets	1.90	–
5. Interest Expenses	509.75	550.47
6. Items related to prior years	0.83	17.99
7. Sales Tax deferral (Incremental Present Value)	(7.86)	(8.47)
	748.10	779.41
Operating Profit before Working Capital Changes	858.16	862.76
Adjustments for		
8. Decrease/(Increase) in Trade Receivables	(276.87)	(143.34)
9. Decrease/(Increase) in Inventories	(128.28)	(60.97)
10. Decrease/(Increase) in Loans & Advances	(98.42)	(25.60)
11. (Decrease)/Increase in Trade Payables & Others	1,206.19	379.50
	702.62	149.59
Cash Generated from Operations	1,560.78	1,012.35
12. Direct Tax Paid (Net)	(25.99)	(82.23)
Net Cash flow from Operating Activities	1,534.79	930.12
(B) CASH FROM INVESTING ACTIVITIES		
13. Purchase of Fixed Assets (Net of Capitalization)	(156.59)	(694.90)
14. Interest Received	4.62	4.42
15. Dividend Received	0.05	0.05
16. Disposal of Fixed Assets	4.85	–
Net Cash used in Investing Activities	(147.07)	(690.43)
	1,387.72	239.69
(C) CASH FROM FINANCING ACTIVITIES		
17. Interest Paid	(509.75)	(550.47)
18. Proceeds from Long Term Borrowings(Net)	584.58	170.13
19. Proceeds from Short Term Borrowings(Net)	(1,473.39)	183.08
20. Incremental Deferred Sales Tax Installments	(12.54)	(18.99)
Net Cash used in Financing Activities	(1,411.10)	(216.25)
Net increase/(decrease) in Cash and cash equivalents	(23.38)	23.44
Cash and cash equivalents on 31.03.2012	75.08	51.64
Cash and cash equivalents on 31.03.2013	51.70	75.08

In terms of our report of even date

Tembey & Mhatre
Chartered Accountants

Firm Registration No. 116359W

Vikas Mhatre
Partner
Membership No. 034195

Mumbai, 27th May 2013

For and on behalf of the Board of Directors of

Sunshield Chemicals Limited

Suresh Talwar
Chairman

Yogesh Thar
Director

Shrirang Belgaonkar
Wholetime Director

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

Mumbai, 27th May 2013

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.1 Share Capital

(a) Details of authorised, issued and subscribed share capital:

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Authorised Capital		
15000000 Equity Shares of ₹10/- each	1,500.00	1,500.00
5000000 7% Non Cumulative Redeemable Preference Shares of ₹10/-each	500.00	500.00
	2,000.00	2,000.00
Issued Capital		
73,53,060 Equity Shares of ₹10/- each	735.31	735.31
	735.31	735.31
Subscribed and Paid up		
73,53,060 Equity Shares of ₹10/- each	735.31	735.31
	735.31	735.31

(b) Information on shareholders:

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No of Equity shares held	Percentage	No of Equity shares held	Percentage
Rhodia Amines Chemicals Pte Limited*	4585196	62.36	0	0.00
Aeonian Investment Company Limited #	0	0.00	2355847	32.04
Abhiraj Trading and Investments Company Private Limited #	0	0.00	1604700	21.82
Amit C Choksey #	0	0.00	509100	6.92

* Rhodia Amines Chemicals Pte. Limited, Singapore, Solvay S. A., Belgium group company; became Promoter of the Company effective from 26th December, 2012.

Amit Choksey and its group companies have ceased to be Promoter of the Company effective from 26th December, 2012.

(c) Reconciliation of number of shares:

Particulars	Equity Shares		Preference Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	7353060	73530600	Nil	Nil
Shares Issued during the year	Nil	Nil	Nil	Nil
Shares bought back during the year	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	7353060	73530600	Nil	Nil

Notes to the financial statements for the year ended March 31, 2013

(d) **Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back**

Particulars	Year			
	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Fully paid up pursuant to contract(s) without payment being received in cash	Nil	Nil	Nil	Nil
Fully paid up by way of bonus shares	Nil	Nil	Nil	Nil
Shares bought back	Nil	Nil	Nil	Nil

**NOTE NO. 1.2
Reserves And Surplus**

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
(a) Capital Reserves		
Opening Balance	453.56	453.56
Add: Current Year Transfer	—	—
Less: Written Back in Current Year	—	—
Closing Balance	A 453.56	453.56
(b) Securities Premium Account		
Opening Balance	883.10	883.10
Add : Securities premium credited on Share issue	—	—
Less : Premium Utilised for various reasons	—	—
Closing Balance	B 883.10	883.10
(c) Surplus		
Opening balance	(10.33)	(116.69)
Add: Net Profit/(Net Loss) For the current year	91.26	96.84
Add: Prior Year Items	0.83	17.99
Less: Incremental Value of Sales Tax Deferral	(7.86)	(8.47)
Closing Balance	C 73.90	(10.33)
TOTAL	A+B+C 1,410.56	1,326.33

Capital Reserve includes:

- (a) Special Capital Incentive Grants received under Sales Tax Deferral Schemes: ₹ 26.06 lacs.
- (b) Value of Ownership Right in office premises as valued by a Chartered Engineer & Valuer: ₹ 427.50 Lacs.

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.3 Long-Term Borrowings

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
SECURED		
Term loans		
From Banks	1,700.00	1,116.43
Sub-Total	A 1,700.00	1,116.43
Current Liabilities	Referred in Note No. 1.7	– 424.23
Non current Liabilities	Referred as above	1,700.00
	1,700.00	1,540.66

Disclosure thereof are as under:

Term Loan Account	Tenure (months)	No. of Installments outstanding	Amount of Loan outstanding (₹ In Lacs)	Rate of Interest	Security offered
BNP Paribas	60	1	1700	10.30%	Refer note below

Note:

- (i) The Term Loan has been sanctioned against a Corporate Guarantee given by Rhodia S. A., a group company based in France.
- (ii) The said Term Loan from the bank as at March 31, 2013; is repayable after 5 years (60 months with option to prepay) from the date of sanction in one single installment. Interest is payable on monthly basis on the amount of loan outstanding.
- (iii) The Company has during the year repaid all the term loans which were outstanding on April 01, 2012; given by Bank of Baroda and the charges created against these loans with ROC have been duly satisfied.

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
UNSECURED		
(a) Deferred payment liabilities		
Interest free sales tax loans:		
1993 Scheme	151.65	155.97
(b) Other loans and advances		
Loan from Associate Company	–	641.00
Sub-total	B 151.65	796.97
Total of secured and unsecured	A+B 1,851.65	1,913.40

Notes to the financial statements for the year ended March 31, 2013

Continuing default as on Balance Sheet date with respect to term loans and deferred payment liabilities as above and repayment as to principle and interest thereto is given below:

1. Period of default Not Applicable
2. Amount NIL

Sub-notes:

- (1) Interest free unsecured loans (converted from Sales Tax Deferral Incentive Scheme of Maharashtra State) outstanding as on 31st March, 2013 stand at ₹ 185.02 Lacs (P.Y. ₹ 197.56 Lacs). The present value of the aforesaid loans in accordance with the Notification dt. 16-11-2002 of the Maharashtra Government stands at ₹ 163.75 Lacs as under (Previous Year ₹ 168.43 Lacs):

		₹ In Lacs	
		As at March 31, 2013	As at March 31, 2012
Current Liabilities	Referred in Note No. 1.7	12.10	12.46
Non current Liabilities	Referred as above	151.65	155.97
		163.75	168.43

- (2) With respect to Sales Tax Deferral prior to 01-04-2004 [refer Significant Accounting Policies Note No. 2 I (ii)] provision has been made for the year ended 31st March 2013 for the incremental present value of ₹ 7.86 Lacs (P. Y. ₹ 8.47 Lacs) and is appearing in the Note No. 1.2 C of Reserves & Surplus.

NOTE NO. 1.4

Long-Term Provisions

		₹ In Lacs	
Particulars		As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits:			
Leave Encashment		30.76	26.83
Group Gratuity		16.11	–
Total		46.87	26.83

Sub-note:

- (a) Present value of leave encashment is provided in the accounts on the basis of actuarial valuation certificate:

Current Liabilities	Referred in Note No. 1.8	10.62	6.68
Non current Liabilities	Referred as above	30.76	26.83
		41.38	33.51

- (b) Present value of Group Gratuity is provided in the accounts on the basis of actuarial valuation certificate:

Non current Liabilities	Referred as above	16.11	–
		16.11	–

Hitherto the Company had been making provision for Group Gratuity on the basis of LIC's intimation. From current year the Company has decided to obtain actuarial valuation of the said fund. Therefore previous year's figures are not given as they are not strictly comparable.

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.5 Short-Term Borrowings

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
SECURED		
Loans repayable on demand		
From Banks	609.45	1,845.71
(Secured By Hypothecation of Inventories & Receivables)		
UNSECURED		
Loans repayable on demand		
From Banks	403.87	–
Total of secured and unsecured	1,013.32	1,845.71

Sub-notes:

Short Term Loans for the working capital facilities from the Company's consortium of 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.

Short Term Loans for the working capital facilities from banker other than consortium of bankers are backed by a corporate guarantee from Rhodia S. A., a group company based in France.

Continuing Default as on Balance Sheet date in repayment of loans and interest with respect of short term bank borrowings:

1. Period of default Not Applicable
2. Amount Nil

NOTE NO. 1.6 Trade Payables

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Trade Payables		
Due to Micro and Small Enterprises	–	–
Other than Micro and Small Enterprises	1,086.91	864.88
Others:		
Payable for Capital Projects	43.59	152.06
Payable for Expenses	189.79	231.07
Total	1,320.29	1,248.01

Sub-notes:

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to dues to Micro, Small and Medium enterprises. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

NOTE NO. 1.7 Other Current Liabilities

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Current maturities of Bank Borrowings	–	424.23
Current maturities of Interest free sales tax loan	12.10	12.46
Current Maturities of Deposits from Shareholders	–	20.00
Current Maturities of Deposits from others	1,500.00	115.00
Total	1,512.10	571.69

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.8

Short-Term Provisions

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits:		
Salary and Reimbursement	23.44	18.40
Leave encashment	10.62	6.68
Others:		
Provison for taxation (MAT)	38.50	18.00
Provision for Excise Duty on Finished Goods	40.22	22.63
Provision for Expenses	127.19	21.90
Others	52.90	11.76
Total	292.87	99.37

Sub-notes:

In view of accumulated depreciation, no liability for income tax arises except for MAT liability. Accordingly the Company has provided ₹ 20.50 Lacs towards MAT liability on book profits for the year ended 31st March, 2013 under the Income Tax Act, 1961 (P.Y. ₹ 18.00 Lacs).

NOTE NO. 1.9

Fixed Assets

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2012	Additions (Deletions) during the Year	Other Adjustments – Ref sub note (ii)	As at March 31, 2013	As at April 1, 2012	Depreciation charge for the year	Adjustments On disposals	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Land - Owned	9.19	–	–	9.19	–	–	–	–	9.19	9.19
Building - (Factory)	335.38	11.38	–	346.76	117.64	11.56	–	129.20	217.56	217.74
Building - (Others)	136.26	–	–	136.26	15.88	2.23	–	18.11	118.15	120.38
Plant & Machinery	4,550.25	95.75	50.52	4,696.52	1,345.65	219.51	–	1,565.16	3,131.36	3,204.64
Office Equipment	13.33	–	–	13.33	10.38	0.63	–	11.01	2.32	2.95
Computers	15.74	0.16	–	15.90	13.92	1.97	–	15.90	0.00	1.82
Furniture & Fixtures	75.17	0.83	–	76.00	69.64	4.81	(0.11)	74.34	1.66	5.52
Vehicles	19.42	(11.54)	–	7.88	4.29	1.77	(5.01)	1.05	6.83	15.13
Others	–	–	–	–	–	–	–	–	–	–
– R & D Centre	119.48	–	–	119.48	49.72	5.68	–	55.40	64.08	69.76
Total	5,274.22	96.58	50.52	5,421.32	1,627.12	248.16	(5.12)	1,870.17	3,551.15	3,647.13
Previous Year	4,648.12	547.30	(78.80)	5,274.22	1,439.43	223.89	(36.20)	1,627.09	3,647.13	3,208.69
Intangible Assets under Development										
Ownership Right in Office Premises	–	–	–	–	–	–	–	–	–	–
Previous Year	427.50	(427.50)	–	–	–	–	–	–	–	–
Grand Total	5,274.22	96.58	50.52	5,421.32	1,627.12	248.16	(5.12)	1,870.17	3,551.15	3,647.13
Previous Year	5,075.62	119.80	(78.00)	5,274.22	1,439.43	223.89	(36.20)	1,627.09	3,647.13	3,636.19

Notes to the financial statements for the year ended March 31, 2013

Sub-notes:

In August 2011 the Company swapped a part of Long term INR loan availed for Capex with FCNR loan. The said FCNR loan has been fully repaid during the year. Based on MCA notification dated 29th December 2011, the Company capitalized a sum of ₹ 50.52 Lacs (previous year ₹ 78.80 lacs) being exchange rate differences for the reinstated liability of foreign currency loan for Capex. Had this revision as per the said notification not been carried out by the Company, the profit before taxation would have been lower by ₹ 50.52 Lacs (previous year : ₹ 78.80 Lacs) and the Block of Plant & Machinery upto 31st March, 2013 would have been lower by ₹ 129.32 Lacs (Previous year : ₹ 78.80 lacs).

NOTE NO. 1.10

Non-Current Investments

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Other Investments		
(a) Investment in Properties	427.50	427.50
(b) Investment in Equity instruments	0.25	0.25
Sub -total (a+b)	427.75	427.75
Less : Provision for diminution in the value of Investments	–	–
Total	427.75	427.75

Additional Disclosures of Investments in Equity Instruments

Name of the Body Corporate	Subsidiary/ Associate / JV/ Controlled Equity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ In Lacs)		Whether stated at Cost Yes/No
		March 31, 2013	March 31, 2012			March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	
Investment in Equity instruments										
(a) The Saraswat Co-op. Bank Ltd.	Others	2500	2500	Unquoted	Fully Paid	Minimal	Minimal	0.25	0.25	Yes

Note No. 1.11

Deferred Tax Asset (net)

The major components of deferred tax liability/asset as recognised in the financial statement is as follows:

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	26.58	56.29
	26.58	56.29
Deferred Tax Asset		
Carry forward business loss and unabsorbed depreciation	216.90	244.92
Net	190.32	188.63
Deferred Tax Charge/(Credit) for the year	(1.69)	(31.48)

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.12

Long-Term Loans And Advances

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Capital Advances	Nil	Nil
Secured, considered good	-	-
Unsecured, considered good	-	39.47
Doubtful	-	-
	-	39.47
Less: Provision for doubtful advances	-	-
Total	-	39.47

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Directors	Nil	Nil
Other officers of the Company	Nil	Nil
Firms in which director is a partner	Nil	Nil
Private Company in which director is a member or a director	Nil	Nil

NOTE NO. 1.13

Inventories

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
(a) Raw Materials and components (Valued at cost)	333.32	366.87
Goods-in transit	213.02	170.67
(b) Packing Materials (at cost)	22.00	26.14
Goods-in transit	-	-
(c) Work-in-progress (Valued at lower of cost or net realizable value)	142.94	199.52
(d) Finished goods (Valued at lower of cost or net realizable value)	365.58	205.75
(f) Stores and spares (Valued at cost)	35.23	31.29
(g) Oil & Fuel (valued at cost)	28.35	11.92
Total	1,140.44	1,012.16

Sub-notes:

The estimated amount of Excise Duty and Education Cess liability on finished goods lying at the factory as on 31st March, 2013 is estimated at ₹ 40.22 Lacs (Previous year ₹ 22.63 Lacs) and included in the valuation of Finished Goods inventory.

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.14

Trade Receivables

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Trade receivables outstanding for a period less than six months		
Secured, considered good	-	-
Unsecured, considered good	2,188.13	1,911.26
Doubtful	-	-
A	<u>2,188.13</u>	<u>1,911.26</u>
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful debts	-	-
B	<u>-</u>	<u>-</u>
Total Trade Receivables	A + B <u>2,188.13</u>	<u>1,911.26</u>

Sub-notes:

Trade Receivables stated above include debts due by:

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Directors	Nil	Nil
Other officers of the Company	Nil	Nil
Firms in which director is a partner	Nil	Nil
Private Company in which director is a member or a director	Nil	Nil

NOTE NO. 1.15

Cash And Bank Balances

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Cash and Cash Equivalents		
(a) Balances with banks	0.52	18.41
(b) Cash on hand	0.28	1.01
Other Bank Balances		
Deposit Accounts with Banks*	50.90	55.66
Total	<u>51.70</u>	<u>75.08</u>
* Includes margin money or security against borrowings, guarantees, other commitments	14.77	12.20

Notes to the financial statements for the year ended March 31, 2013

Note No. 1.16

Short-Term Loans And Advances

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Others		
Secured, considered good	–	–
Unsecured, considered good	105.12	53.14
Total	105.12	53.14

NOTE NO. 1.17

Other Current Assets

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
VAT Receivable	96.48	95.63
Balance with Excise Authorities	60.54	19.66
Indirect Taxes Receivable	109.70	51.98
Gratuity Receivable from LIC	2.41	–
Advance Licence & Export Rebate Receivable	84.00	92.28
Interest accrued on bank margin	1.96	9.62
Direct Taxes Paid	136.29	110.30
Total	491.38	379.47

NOTE NO. 1.18

Revenue From Operations

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Sale of Products (Gross)	11,017.78	9,862.92
Less: Excise Duty	(654.56)	(640.20)
	10,363.22	9,222.72
Sale of Services	151.28	184.50
Other Operating Revenues	15.57	20.63
	10,530.07	9,427.85

Sub-notes:

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 Cost of Material Consumed in Note No. 1.20. The same has no impact on profits of the Company.

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.19

Other Income

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Interest Income	4.62	4.42
Dividend Income	0.05	0.05
Net Exchange Rate Fluctuation Gain/(Loss)	15.40	88.83
Total	20.07	93.30

NOTE NO. 1.20

Cost Of Materials Consumed

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Opening Stock:		
(a) Raw Material	537.54	616.43
(b) Packing Material	26.14	34.11
	A	650.54
Add: Purchases:		
(a) Raw Material	7,414.79	6,655.86
(b) Packing Material	233.37	207.93
	B	6,863.79
Less: Closing Stock:		
(a) Raw Material	544.87	537.54
(b) Packing Material	22.00	26.14
	C	563.68
Total	A+B-C	6,950.65

NOTE NO. 1.21

Changes In Inventories of Finished Goods, Work-In-Progress

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Opening Inventory		
(a) Finished Goods	205.75	134.40
(b) Work-In-Progress	199.52	126.79
	405.27	261.19
Closing Inventory		
(a) Finished Goods	365.58	205.75
(b) Work-in-Progress	142.94	199.52
Increase/(Decrease) in Excise Duty on	508.52	405.27
Closing Stock of Finished Goods	17.58	10.08
Total	(85.67)	(134.00)

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.22

Employee Benefits Expenses

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Salaries and incentives	390.55	341.60
Contributions to -		
Provident fund	11.51	8.89
Superannuation scheme	6.54	5.91
Deposit Linked Insurance Fund	0.89	0.78
Gratuity fund contributions	26.75	6.10
Labour Welfare Fund	0.02	0.02
Staff welfare expenses	32.11	27.13
Total	468.37	390.43

NOTE NO. 1.23

Finance Costs

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Interest expense	471.18	450.23
Other borrowing costs	43.46	44.75
Applicable net gain/loss on foreign currency transactions and translation	(4.89)	55.49
Total	509.75	550.47

NOTE NO. 1.24

Other Expenses

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Consumption of stores and spare parts	182.76	178.89
Power and Fuel	474.53	401.67
Rent	30.75	21.44
Repairs to machinery	57.22	69.97
Insurance	9.41	9.12
Rates and Taxes	5.33	4.51
Legal and Professional Charges	56.38	37.70
Payment to Auditors		
(a) As Auditor (inclusive of Tax Audit in Previous Year)	3.00	3.80
(b) For Other Services	0.70	0.70
(c) For Reimbursement of Expenses	0.05	0.05
Labour Charges	226.44	212.47
Effluent Treatment Charges	73.20	44.19
Freight Outwards	70.15	79.41
Commission on Sales	66.50	58.56
Export Related Expenses	203.34	174.24
Miscellaneous Expenses	194.73	159.63
Total	1,654.49	1,456.35

Notes to the financial statements for the year ended March 31, 2013

NOTE NO. 1.25
Earnings Per Equity Shares

Particulars	₹ In Lacs	
	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders (₹ In lacs)	91.26	96.83
Weighted average number of equity shares	7,353,060	7,353,060
Basic Earnings Per Share (₹)	1.24	1.32
Face value per Share	10	10
Dilutive Earnings per Share		
Profit after adjusting interest on potential equity shares (₹ In lacs)	91.26	96.83
Weighted average number of equity share after considering potential equity shares	7,353,060	7,353,060
Dilutive Earnings per Share (₹)	1.24	1.32

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 2:

Significant Accounting Policies

1. Nature of Operations

Sunshield Chemicals Limited ('the Company') was incorporated in India on 19th November 1986 to carry on the business of Specialty Chemicals.

2. Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statements are prepared and presented in the form set out in Part I and Part II of Revised Schedule VI of the Act, so far as they are applicable thereto.

These financial statements are presented in Indian rupees and rounded off to nearest Thousands unless otherwise stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Fixed Assets/Intangible Assets

Fixed Assets are stated on cost less accumulated depreciation. The total cost of assets comprises its purchase price, freight, net of recoverable duties & taxes and any other incidental expenses directly attributable to bringing the asset to the working condition for its intended use. The adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and cost of the assets can be measured reliably.

(d) Depreciation

- Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.
- Depreciation on other fixed assets is provided at the rates prescribed under Schedule XIV of the Act.
- Assets costing less than or equal to ₹ 5,000 are depreciated fully in the year of purchase.

(e) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

If at the Balance Sheet date there is an indication that 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 depreciable historical cost.

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 2:

Significant Accounting Policies (Contd.)

(f) Inventories

Inventories are valued at lower of cost or net realizable value. Basis of determination of cost remain as follows:

Items	Methodology of Valuation
Raw materials, components, stores and spares, Trading goods, and Packing Materials	Cost is determined on a FIFO method. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes provision for excise duty.
Goods in Transits are valued inclusive of custom duty, wherever applicable	
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.	

(g) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- *Sales of goods*
Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.
- *Service Income*
Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.
- *Interest income*
Interest income is recognized on time proportion basis.
- *Other Income*
Export incentive, income from investment and other service income are accounted on accrual basis.

(h) Investments

Investments are classified under Non-current and current categories.

'Non-current Investments' are carried at acquisition/amortized cost. A provision is made for diminution other than temporary on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

(i) Foreign Currency Transactions

- *Initial recognition*
Foreign currency transactions are recorded in the reporting currency which is Indian Rupee, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- *Conversion*
Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.. Non-monetary foreign currency items are carried at cost.
- *Exchange Differences*
Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 2:

Significant Accounting Policies (Contd.)

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification

(j) Retirement and Other Employee Benefits

- *Short term employee benefit*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

- *Post employment employee benefits*

 - Defined Contribution schemes*

Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

 - Defined benefits plans*

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

 - Other long term employee benefits*

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

(k) Leases

Assets taken under leases, where the company assumes substantially all the risks and rewards of Ownership are classified as Finance Leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Assets taken under leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 2 :

Significant Accounting Policies (Contd.)

(l) **Taxation**

Income-tax expense comprises current tax, deferred tax charge or credit, minimum alternative tax (MAT).

Current tax

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

Deferred tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income tax and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax asset is recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognized only if there is a virtual certainty of realization of such asset. Deferred tax asset is reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

Minimum alternative tax

Minimum alternative tax (MAT) obligation in accordance with the tax laws, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax during the specified period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

(m) **Borrowing Cost**

Borrowing costs to the extent related/attribution to the acquisition/construction of assets that takes substantial period of time to get ready for their intended use are capitalized along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

(n) **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES). PES are those shares which will convert into equity shares at a later stage. Profit / loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

(o) **Provisions and Contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 3 :

Other Notes

Notes to the Balance Sheet, Statement of Profit & Loss and Other Notes

1. Contingent Liabilities

(a) Indemnity / Guarantees:

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Indemnity/Counter Guarantees issued for Bank Guarantee and Letter of Credit issued	279.47	272.70
TOTAL	279.47	272.70
(b) Other money for which the Company is contingently liable:		
Demand notices issued by Income Tax Dept. for which the Company has preferred appeal	125.67	125.67
TOTAL	125.67*	125.67*

* Out of the above, Company has already deposited ₹ 66.78 lacs with the tax authorities.

2. Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances already made) and not provided for is ₹47.99 Lacs (Previous Year: ₹ 89.78 Lacs).

3. Information pursuant to para 5(viii) of the General Instructions to the Statement of Profit and Loss

(a) Value of Imports on C.I.F Basis:

Particulars	₹ In Lacs	
	As at March 31, 2013	As at March 31, 2012
Raw Materials	2823.80	2271.67
Components and spare parts	NIL	NIL
Capital goods	NIL	NIL
TOTAL	2823.80	2271.67
(b) Expenditure in foreign currency (on accrual basis):		
Raw Material	2823.80	2271.67
Traveling and Related Expenses	1.57	2.55
R & D Equipment	NIL	NIL
Repairs and Maintenance	NIL	NIL
Commission	6.90	4.60

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 3 :
Other Notes (Contd.)

(c) Consumption of raw materials:

₹ In Lacs

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Amount	Percentage	Amount	Percentage
Imported	2992.16	39	2662.40	38
Indigenous	4652.17	61	4288.25	62
TOTAL	7644.33	100	6950.65	100

(d) Consumption of components and spare parts:

₹ In Lacs

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Amount	Percentage	Amount	Percentage
Imported	NIL	NIL	NIL	NIL
Indigenous	183.38	100	178.89	100
TOTAL	183.38	100	178.89	100

(e) Earnings in foreign currency (on accrual basis):

₹ In Lacs

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Export on F.O.B basis	6060.36	4708.43
TOTAL	6060.36	4708.43

4. Information pursuant to para 5(ii) and 5(iii) of the General Instructions to the Statement of Profit and Loss

(a) Particulars of consumption of raw materials:

₹ in Lacs.

Raw Materials	Year Ended March 31, 2013	Year Ended March 31, 2012
Basic Organic Chemicals	6435.37	6734.75
TOTAL	6435.37	6734.75

(b) Particulars of Work-in-progress

Work-in-progress	As at March 31, 2013 M.T.	As at March 31, 2012 M.T.
Basic Organic Chemicals	121.41	157.70
TOTAL	121.41	157.70

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 3 :

Other Notes (Contd.)

(c) Particulars of sales and inventory position:

Manufactured Goods	Year Ended March 31, 2013		
	Sales (₹ In Lacs)	Closing Inventory (M.T.)	Opening Inventory (M.T.)
Basic Organic Chemicals	10539.49 (9407.22)	289.53 (162.80)	162.80 (131.43)
TOTAL	10539.49 (9407.22)	289.53 (162.80)	162.80 (131.43)

* Previous year figures are in brackets

5. Other Disclosures

1. Disclosure pursuant to Accounting Standard – 15 ‘Employee Benefits’

(Also refer Note No.1.22 – Statement of Profit and Loss)

(a) General Description

(i) Contribution to Provident Fund (Defined Contribution)

The Company’s provident fund scheme (including pension fund scheme for eligible employees) is a defined contribution plan. The expenses charged to the Statement of Profit and Loss under the head Contribution to Provident Fund is ₹18.46 lacs (PY ₹15.18 lacs).

(ii) Gratuity (Defined benefit plan)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The Company during the year provided ₹26.75 lacs (PY: ₹ 6.10 lacs) towards gratuity based on actuarial certificate.

(iii) Leave salary (short term compensated absences)

The leave salary is payable at the basic salary + DA for maximum of 90 days privilege leave outstanding at the year-end based on 26 working days which shall be en-cashed as per the rules framed by the Company. The Company during the year provided ₹ 7.87 lacs (PY: ₹24.58 lacs) towards leave salary.

(b) The following tables set out disclosures prescribed by AS 15 in respect of company’s unfunded gratuity plan.

1. Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof: ₹ In Lacs

Particulars	Gratuity (Funded)	
	31.03.13	31.03.12
Present value of obligation as at the beginning of the year:	53.87	45.06
Interest cost	4.65	3.60
Current service cost	4.31	2.75
Benefits paid	(5.22)	(1.33)
Actuarial gain / loss on obligation	(18.96)	(3.79)
Closing Present value of obligation	76.57	53.87

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 3 :

Other Notes (Contd.)

2. Actuarial gain/loss recognized in the Statement of Profit and Loss:

₹ In Lacs

Particulars	Gratuity (Funded)	
	31.03.13	31.03.12
Actuarial gain/ (loss) for the year obligation	(18.96)	(3.79)
Total gain/ (loss) for the year	Nil	Nil
Actuarial gain/ (loss) recognized during the year	(18.96)	(3.79)

3. The amounts recognized in the Balance Sheet are as follows:

Particulars	Gratuity (Funded)	
	31.03.13	31.03.12
Present value of obligation as at the end of the year	76.57	53.87
Funded value of assets (unfunded)	60.46	54.13
Net assets / (liability) recognized in balance sheet	16.11	(2.65)

4. The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	Gratuity (Funded)	
	31.03.13	31.03.12
Current service cost	4.31	2.75
Past service cost	-	-
Interest cost	4.65	3.60
Expected return on plan assets	(4.87)	(4.01)
Net actuarial gain/(loss) recognized in the year	(18.99)	(3.79)
Expenses recognized in the statement of profit and loss*	23.08	6.14

5. Actuarial assumption:

Particulars	Gratuity (Funded)	
	31.03.13	31.03.12
Salary Growth *	7.00%	4.00%
Discount Rate	7.95%	8.00%

* The estimates of future salary increases, considered in a actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

6. Related Party disclosures

(a) (i) List of related parties (Prior to take-over on 26-12-2012)

Name of the Party	Relationship
Mr. Amit C. Choksey, Chairman	Promoter
Mr. Satish M Kelkar, Vice Chairman	Promoter
Mr. Shrirang R. Belgaonkar, Wholetime Director	Key Management personnel
Mrs. Priti A. Choksey Ms. Namrata A. Choksey Ms. Ankita A. Choksey	Relatives of person having controlling interest Mr. Amit C. Choksey.
Aeonian Investments Co. Ltd. Mazda Colours Ltd.	Associates (Common Control) of Mr. Amit C. Choksey
Mrs. Sonali S. Kelkar	Relatives / Associates (Common Control) of Mr. Satish M. Kelkar

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 3 :

Other Notes (Contd.)

(ii) List of related parties (After the take-over on 26-12-2012)

Name of the Party	Relationship
Mr. Shrirang R. Belgaonkar, Wholetime Director	Key Management personnel
Solvay Specialties India Pvt. Ltd. Rhodia Specialty Chemicals India Ltd.	Associates

(b) Transactions with Related Parties:

(i) Before the takeover upto 26-12-2012

₹ In Lacs

Name of Party	Nature of Transaction	Year ended March 31, 2013	Year ended March 31, 2012
Aeonion Investments Co. Ltd.	Unsecured Loan Accepted	15.00	–
Aeonion Investments Co. Ltd.	Unsecured Loan Repaid	656.00	–
Aeonion Investments Co. Ltd.	Interest on Unsecured Loan	42.25	64.10
Mr. Amit C. Choksey	Deposit Accepted	165.00	–
Mr. Amit C. Choksey	Deposit Repaid	190.00	–
Mr. Amit C. Choksey	Interest on Deposit	11.37	2.75
Mr. Amit C. Choksey - HUF	Deposit Repaid	70.00	–
Mr. Amit C. Choksey - HUF	Interest on Deposit	5.77	7.70
Mr. Amit C. Choksey	Sitting Fees	0.25	0.20
Mrs. Priti A. Choksey	Deposit Repaid	20.00	–
Mrs. Priti A. Choksey	Interest on Deposit	1.65	2.20
Ms. Ankita A. Choksey	Deposit Repaid	10.00	–
Ms. Ankita A. Choksey	Interest on Deposit	0.82	1.10
Ms. Namrata A. Choksey	Deposit Repaid	10.00	–
Ms. Namrata A. Choksey	Interest on Deposit	0.82	1.10
Mazda Colours Ltd.	Sales of Goods	22.28	81.50
Mazda Colours Ltd.	Purchase of Goods	–	3.83

(ii) After the take-over after 26-12-2012

₹ In Lacs

Name of Party	Nature of Transaction	Year ended March 31, 2013	Year ended March 31, 2012
Mr. Satish M. Kelkar	Professional Fees	14.83	14.56
Mrs. Sonali S. Kelkar	Professional Fees	4.80	4.80
Mr. Shrirang R. Belgaonkar	Managerial Remuneration	28.86	25.41
SBMS Manufacturing & Services LLP	Sale of Vehicles	4.85	–
Solvay Specialties India Pvt. Ltd.	Intercorporate Loan	1500.00	–
Solvay Specialties India Pvt. Ltd.	Interest on Intercorporate loan	26.85	–
Rhodia Specialty Chemicals India Ltd.	Sales of Goods	1.04	–
Rhodia Specialty Chemicals India Ltd.	Purchase of Goods	11.93	–
Rhodia Specialty Chemicals India Ltd.	Expenses	24.83	–

Accompanying notes to the financial statements for the year ended March 31, 2013

NOTE NO. 3 :

Other Notes (Contd.)

(c) Balance Outstanding of Related Parties:

₹ In Lacs

Name of Party	Receivable/ Payable	Year ended March 31, 2013	Year ended March 31, 2012
Aeonion Investments Co. Ltd.	Payable	NIL	641.00
Mr. Amit C. Choksey	Payable	NIL	25.00
Amit C. Choksey - HUF	Payable	NIL	70.00
Mrs. Priti A. Choksey	Payable	NIL	20.00
Ms. Ankita A. Choksey	Payable	NIL	10.00
Ms. Namrata A. Choksey	Payable	NIL	10.00
Mazda Colours Ltd.	Receivable	11.03	77.67
Rhodia Speciality Chemicals India Ltd.	Payable	15.72	–
Solvay Specialties India Pvt. Ltd.	Payable	1500.00	–

7. Unhedged foreign currency exposure

₹ In Lacs

Purpose	Currency	As at March 31, 2013		As at March 31, 2012	
		Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees
Receivables	US Dollar	13.80	765.39	13.35	682.02
Receivables	EURO	7.61	542.37	4.10	281.19
Payable	US Dollar	8.77	480.58	7.44	380.59
Payable	EURO	–	–	12.16	600.00

8. Segment Reporting

The Company is operating in a single primary business segment of Specialty Chemicals. All the business activities of the Company are conducted from locations in India. Therefore all the revenue and net assets are attributed to Indian operations. Accordingly, no additional disclosure for secondary segment reporting on the basis of geographical operations has been made in the financial statements.

9. Basis of preparation

The Accounts of Sunshield Chemicals Limited ("the Company") have been prepared to comply with the Accounting Standard 17, "Segment Reporting" prescribed by Companies (Accounting Standard) Rules 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.

10. Prior period comparatives

Previous year's figures are regrouped/reclassified to make it comparable with current year's figures.

In terms of our report of even date

Tembey & Mhatre

Chartered Accountants

Firm Registration No. 116359W

Vikas Mhatre

Partner

Membership No. 034195

Mumbai, 27th May 2013

For and on behalf of the Board of Directors of

Sunshield Chemicals Limited

Suresh Talwar

Chairman

Yogesh Thar

Director

Shrirang Belgaonkar

Wholtime Director

Rajeev Gupte

Chief Financial Officer

Amit Kumashi

Company Secretary

Mumbai, 27th May 2013



SUNSHIELD CHEMICALS LIMITED

Registered Office: Phoenix House, "A" Wing, 4th Floor, 462 Senapati Bapat Marg
Lower Parel (West), Mumbai-400 013. Tel. :(022) 6663 7100 Fax : (022) 24952834

PROXY FORM

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

I/We, the undersigned _____ of _____
_____ being member/s of SUNSHIELD CHEMICALS LIMITED, hereby
appoint _____ or failing him/her or failing him/her _____
_____ of or failing him/her _____ of
_____ to vote for me/us and on my/our behalf at the **26th Annual General Meeting**
of the Company to be held on **Friday, the 23rd August, 2013** and at any adjournment thereof.

Signed this _____ day of _____ 2013.

* Applicable for investors holding shares in electronic form.

Affix
Revenue
Stamp

Notes : Proxies, in order to be effective, must be received at the Registered Office of the Company and not less than 48 hours before the time of the meeting. Proxy need not be a Member.

[Cut here]



SUNSHIELD CHEMICALS LIMITED

Registered Office: Phoenix House, "A" Wing, 4th Floor, 462 Senapati Bapat Marg
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ATTENDANCE SLIP

26TH ANNUAL GENERAL MEETING ON 23RD AUGUST, 2013

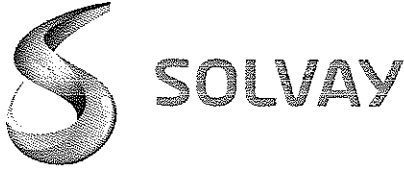
Folio No : _____ / DP ID NO.*: _____ & Client ID No.*: _____

Name of the Person attending the Meeting : _____

Classification : First Holder / Joint Holder / Proxy


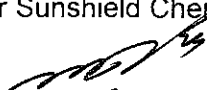
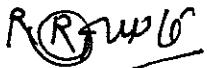

Name of First Holder (in case joint Holder/ proxy is attending) : _____

Signature : _____



FORM A

Format of covering letter of the annual audit report to be filed with the exchanges

1.	Name of the Company:	Sunshield Chemicals Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signatures:	<p>For Sunshield Chemicals Limited</p> <p> Shrirang Belgaonkar Wholetime Director</p> <p>For Sunshield Chemicals Limited</p> <p> Yogesh Thar Chairman - Audit Committee</p> <p>For Sunshield Chemicals Limited</p> <p> Rajiv Gupte Chief Financial Officer</p> <p>For Tembey & Mhatre Chartered Accountants (Regn. No. 116359W)</p> <p> Vikas Mhatre Partner Membership no.034195 Statutory Auditor</p>

SUNSHIELD CHEMICALS LIMITED (SOLVAY GROUP)

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