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Sunshield Chemicals Limited

**27th ANNUAL REPORT
2013-14**

Performance Summary

₹ In Lacs

| Particulars | Percentage of Growth in comparison to Previous Year (%) | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|---|--|-----------------|----------|---------|----------|----------|
| Volume Sales (M.T) | 19 | 9703.00 | 8146.00 | 8062.00 | 7972.00 | 6661.18 |
| Revenue | | | | | | |
| Net Sales | 27 | 13389.57 | 10530.08 | 9429.03 | 7914.23 | 6450.31 |
| Other Income | 288 | 77.92 | 20.08 | 93.30 | 65.20 | 5.07 |
| Cost | | | | | | |
| Material Consumed | 27 | 9610.87 | 7559.29 | 6816.66 | 5539.02 | 4271.72 |
| Employee benefits expense | 6 | 498.58 | 468.36 | 390.43 | 326.70 | 271.75 |
| Finance costs | (12) | 448.59 | 509.76 | 550.47 | 409.15 | 355.10 |
| Depreciation and amortization expense | (7) | 230.13 | 248.17 | 223.89 | 193.52 | 181.14 |
| Other expenses | 29 | 2140.51 | 1661.54 | 1457.53 | 1246.14 | 993.04 |
| Profit before Tax | 423 | 538.81 | 103.04 | 83.36 | 264.92 | 382.63 |
| Profit After Tax | (148) | (40.46) | 84.23 | 96.84 | 159.68 | 304.66 |
| Extraordinary Items and Prior Period Adjustments | | - | (7.03) | 9.52 | (9.58) | (10.50) |
| Profit/(Loss) for the period | (148) | (40.46) | 84.23 | 106.35 | 150.10 | 294.16 |
| Earning Per Share | (144) | (0.55) | 1.24 | 1.32 | 2.17 | 4.00 |
| Carry Forward (Loss)/Profit | | 33.43 | 73.90 | (10.33) | (116.69) | (266.79) |

DIRECTORS

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

AUDIT COMMITTEE

| | |
|------------------|--------------------------------------|
| Yogesh Thar | Chairman |
| Sanjeev Mukerjee | |
| Suresh Talwar | w.e.f. 21 st January 2014 |
| Manoj Khullar | |
| Satish Kelkar | |

COMPANY SECRETARY

Amit Kumashi

AUDITORS

M/s. Ashok Pandit & Co.

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
Tel. No.: 91-22-66637101

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 : 91-22-66568484

WORKS

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

CORPORATE IDENTITY NUMBER

L99999MH1986PLC041612

C O N T E N T S

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NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of **Sunshield Chemicals Limited** will be held on **Wednesday, 10th September 2014** at 10.30 a.m 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 audited financial statement of the Company for the financial year ended 31st March 2014, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ian Brown (DIN-2427816), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pierre-Franck Valentin (DIN-6450747), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. 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 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number 117366W/W-100018) be and are hereby appointed as Statutory Auditors to hold office for a term of Five (5) years subject to ratification by members at every Annual General Meeting from the conclusion of this Annual General Meeting until the conclusion of the Thirty Second Annual General Meeting, at such remuneration as may be determined by Board of Directors of the Company from time to time.”

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory

modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Suresh Talwar (DIN- 00001456), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Yogesh Thar (DIN-02687466), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Sanjeev Mukerjee (DIN- 00369875), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records

of the Company for the financial year ending 31st March 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. 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 Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. 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 196, 197, 198, 203, and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Mr. Shrirang R Belgaonkar as Wholetime Director of the Company for a period of three years with effect from 24th July 2014 on terms and conditions including remuneration as set out here under and as contained in the draft agreement to be executed by the Company with Mr. Shrirang Belgaonkar, with authority to the Board of Directors to alter or amend the terms and conditions of the said agreement:

I. **Remuneration**

Basic Salary: ₹ 77,350/- (Rupees Seventy Seven Thousand Three Hundred Fifty only) p.m.

House Rent Allowance: ₹ 77,350 (Rupees Seventy Seven Thousand Three Hundred Fifty only) p.m.

Education Allowance: ₹ 300/- (Rupees Three Hundred only) p.m.

Medical Allowance: ₹ 1,250/- (Rupees One Thousand Two Hundred Fifty only) p.m.

Conveyance Allowance: ₹ 6,500/- (Rupees Six Thousand Five Hundred only) p.m.

Leave Travel Allowance: ₹ 77,350/- (Rupees Seventy Seven Thousand Three Hundred Fifty only) p. a. for travel in India. Terms and conditions of the payment shall be as per the Company's policy.

Food Coupons worth ₹ 1,500/- (Rupees One Thousand Five Hundred only) p.m. shall be provided towards meals and snacks.

Other Allowances : ₹ 45,788/- (Rupees Forty Five Thousand Seven Hundred Eighty Eight only) p.m.

Variable Remuneration: ₹ 4,67,604 (Rupees Four Lacs Sixty Seven Thousand Six Hundred Four only) p.a.

Provident Fund: Benefits as per the scheme of the Company

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

Car: Provision of Company's car along with reimbursement of monthly expenses for fuel and repairs.

Mobile: Mobile bills will be reimbursed by the Company.

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

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

Other Benefits: Benefits under loan and other schemes in accordance with practices, rules and regulations in force in the Company from

time to time. Such other benefits and amenities as may be provided by the Company from time to time to other officers and managers of the Company.

- II. Board of Directors, including Committee(s) thereof may determine annual increment, effective from 1st January every year not exceeding 15% of Basic pay, House Rent Allowance and Education Allowance subject to the Schedule XIII limits and other applicable provisions of the Act.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company shall pay to Mr. Shrirang Belgaonkar, Wholetime Director of the Company, remuneration by way of salary, perquisites and allowances, not exceeding the limits laid down in Part II of Section II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things in their absolute discretion as they may consider necessary or expedient to give effect to this resolution and also to revise the remuneration of the Whole-time Director upward within the limits stipulated in the Companies Act, 2013, read with its schedules and rules.”

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

“RESOLVED THAT in supersession of Ordinary Resolution adopted at the 26th Annual General Meeting held on 23rd August 2013 and pursuant to Section 180 (1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded 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.”

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

Mumbai,
24th July 2014

Amit Kumashi
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll only instead of himself and a proxy need not be a member. The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The register of members and the share transfer books of the Company will remain closed from 29th August 2014 to 5th September 2014 (both days inclusive).
3. Shareholders are requested to notify change of address, if any, and details of their bank account to the Registrar/Depository Participants.
4. For the convenience of shareholders, attendance slip is annexed to the proxy form. Shareholders are requested to affix their signatures at the space provided therefore and hand over the attendance slip at the entrance of the place of meeting. Proxy/ Representative of a shareholder should mark on the

- attendance slip as “Proxy” or “Representative” as the case may be. Shareholders are also requested not to bring with them any person who is not a shareholder.
5. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Shareholders are, therefore, requested to bring their copies of the annual report at the meeting.
 6. To facilitate easy and cheap transactions in its shares, the Company has dematerialised its shares. Majority of the shareholders have already availed of this facility and de-materialised their shareholdings. Shareholders who have not yet de-materialised their shareholdings are requested to avail of this facility and de-materialise their shareholdings at the earliest. In case any assistance is needed, shareholders are requested to get in touch with the Secretarial Department of the Company.
 7. The Notice of the Annual General Meeting (AGM) along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
 8. To support the ‘Green Initiative’, the Members who have not registered their e-mail addresses are requested to register the same with Registrar/ Depositories.
 9. In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.
- Instructions for e-voting:**
- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
 - i. Open the e-mail and also open PDF file namely “Sunshield e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
 - iii. Click on Shareholder – Login.
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both.

Please take utmost care to keep your password confidential.
 - vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - viii. Select “EVEN” (E-Voting Event Number) of Sunshield Chemicals Limited. Members can cast their vote online from 4th September 2014 (9:00 am) till 6th September 2014 (6:00 pm).

Note: e-Voting shall not be allowed beyond said time.
 - ix. Now you are ready for e-voting as Cast Vote page opens.
 - x. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - xi. Upon confirmation, the message “Vote cast successfully” will be displayed.
 - xii. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - xiii. Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizer.sunshield@gmail.com with a copy marked to evoting@nsdl.co.in.

- xiv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nsdl.com.
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/ Depositories):
- i. Initial password is provided separately: EVEN (E-Voting Event Number), user ID and password.
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.
- C. **Other Instructions:**
- i. The e-voting period commences on 4th September 2014 (9.00 a.m. IST) and ends on 6th September 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 8th August 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 8th August 2014.
 - iii. Mr. Alwyn D’Souza, Practicing Company Secretary (Membership No. FCS 5559), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - v. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.solveindia.in and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the 27th AGM of the Company on 10th September 2014 and communicated to the BSE Limited, where the shares of the Company were listed.

Annexure to Notice

I. Explanatory Statement under Section 102 of the Companies Act, 2013

Item No. 4

In terms of Section 139 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, Listed Company can appoint Audit Firm for a term not exceeding Five (5) years subject to ratification by members at every AGM.

M/s. Ashok Pandit & Co., 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 at its meeting held on 23rd May 2014, recommended the appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of the Company for a term of Five (5) years subject to ratification by members at every AGM from the

conclusion of this AGM until the conclusion of the Thirty Second Annual General Meeting.

The Board recommends the Resolution for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution set out at Item No. 4.

Item No. 5

Mr. Suresh Talwar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company as an Independent Director on 27th December 2012. Mr. Suresh Talwar is member of the Audit Committee, and Nomination and Remuneration Committee, of the Board of Directors of the Company.

Mr. Talwar is a Bachelor of Commerce and Bachelor of Law. He is a solicitor and an Advocate by profession. Mr. Talwar was a partner in Crawford Bayley & Co., till 31st March 2006 and was a special advisor till 31st December 2006. He was a partner in Talwar Thakore & Associates, Mumbai till 31st March 2014.

Mr. 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.

Mr. Suresh Talwar is holding directorship in the following Indian Companies:

| Sr. No. | Name of Company | Position Held | Committee Membership |
|---------|--|--------------------|---|
| 1. | FCI OEN Connectors Limited | Alternate Director | Audit Committee - Chairman |
| 2. | PZ Cussons India Private Limited | Alternate Director | Nil |
| 3. | Transwarranty Finance Limited | Alternate Director | Compensation Committee |
| 4. | Johnson and Johnson Limited | Alternate Director | Nil |
| 5. | Uhde India Private Limited | Alternate Director | Nil |
| 6. | Armstrong World Industries (India) Private Limited | Director | Nil |
| 7. | Merck Limited | Director | Audit Committee - Chairman |
| 8. | Rhodia Specialty Chemicals India Limited | Director | Audit Committee Remuneration Committee |
| 9. | Samson Maritime Limited | Director | Remuneration Committee – Chairman |
| 10. | Sidham Finance & Investments Private Limited | Director | Nil |
| 11. | Biocon Limited | Director | Audit Committee |
| 12. | Blue Star Infotech Limited | Director | Audit Committee Remuneration Committee Compensation Committee |
| 13. | Chowgule and Company Private Limited | Director | Nil |
| 14. | Chowgule Ports & Infrastructure Private Limited | Director | Nil |

| Sr. No. | Name of Company | Position Held | Committee Membership |
|---------|--|---------------|---------------------------------------|
| 15. | Decagon Investments Private Limited | Director | Nil |
| 16. | Elantas Beck India Limited | Director | Audit Committee |
| 17. | Epitome Global Services Private Limited | Director | Nil |
| 18. | ESAB India Limited | Director | Nomination-cum-Compensation Committee |
| 19. | India Value Fund Trustee Company Private Limited | Director | Nil |
| 20. | IVF Trustee Company Private Limited | Director | Nil |
| 21. | L&T Metro Rail (Hyderabad) Limited | Director | Nomination-cum-Compensation Committee |
| 22. | Larsen and Toubro Limited | Director | Nomination-cum-Compensation Committee |
| 23. | Morgan Stanley India Capital Private Limited | Director | Audit Committee |
| 24. | Philip Finance and Investment Services India Private Limited | Director | Audit Committee |
| 25. | Rediffusion Dentsu Young and Rubicam Private Limited | Director | Nil |
| 26. | Sandvik Asia Private Limited | Director | Audit Committee - Chairman |
| 27. | Shrenuj and Company Limited | Director | Nil |
| 28. | Snowcem Paints Private Limited | Director | Nil |
| 29. | Sonata Software Limited | Director | Remuneration Committee |
| 30. | Swiss Re-shared Services (India) Private Limited | Director | Nil |
| 31. | Vidal Health TPA Private Limited | Director | Nil |
| 32. | Warner Bros Pictures (India) Private Limited | Director | Nil |
| 33. | Phillips Capital India Private Limited | Director | Nil |

Sunshield Chemicals Limited

Mr. Talwar does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

As per the Companies Act, 2013, the Independent Director need not retire by rotation.

Mr. Talwar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. The aforesaid provision no longer applies as per the provisions of the Companies Act, 2013. Hence, the appointment envisaged hereunder is like an extension of his term. In view of the above, it is not a case of appointment of new Independent Director and deposit of ₹ 1,00,000/- is not required to be paid.

In the opinion of the Board, Mr. Suresh Talwar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Suresh Talwar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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.

Except Mr. Suresh Talwar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 6

Mr. Yogesh Thar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company as an Independent Director on 27th December 2012. Mr. Yogesh Thar is the Chairman of the Audit Committee, and member of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. Yogesh Thar is a Chartered Accountant and Tax Consultant. He is advising various corporates on tax matters.

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. Thar does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Thar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. The aforesaid provision no longer applies as per the provisions of the Companies Act, 2013. Hence, the appointment envisaged hereunder is like an extension of his term. In view of the above, it is not a case of appointment of new Independent Director and deposit of ₹ 1,00,000/- is not required to be paid.

In the opinion of the Board, Mr. Thar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Thar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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

Except Mr. Yogesh Thar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 7

Mr. Sanjeev Mukerjee is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company as an Independent Director on 27th December 2012. Mr. Sanjeev Mukerjee is Chairman of Stakeholders Relationship Committee and member of the Audit Committee, and Nomination and Remuneration Committee of the Board of Directors of the Company.

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

Mr. Sanjeev Mukerjee 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 by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Mukerjee is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. The aforesaid provision no longer applies as per the provisions of the Companies Act, 2013. Hence, the appointment envisaged hereunder is like an extension of his term. In view of the above, it is not a case of appointment of new

Independent Director and deposit of ₹ 1,00,000/- is not required to be paid.

In the opinion of the Board, Mr. Mukerjee fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Mukerjee as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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.

Except Mr. Sanjeev Mukerjee, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 8

The Board of Directors of the Company on the recommendation of Audit Committee at their meeting held on 23rd May 2014 has appointed M/s. Kishore Bhatia & Associates, as Cost Auditors for auditing the cost accounts for the Financial Year 2014-15 at the remuneration of ₹ 1,75,000/- (Rupees One Lakh Seventy Five Thousand only) per annum, plus Service Tax as applicable.

In accordance with the provision of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditor) Rules, 2014, the remuneration payable to Cost Auditor has to be ratified by the Shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested in the resolution at Item No.8.

The Board, therefore, recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval of Shareholders.

Sunshield Chemicals Limited

Item No. 9

The Articles of Association (“AOA”) of the Company as presently in force was amended from time to time since incorporation of the Company.

With the coming into force of the Companies Act, 2013 (“the Act”) several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles.

The new AOA to be substituted in place of the existing AOA are based on Table ‘F’ (Articles of Association meant for a Company limited by shares) of the Act.

The proposed new draft AOA is being uploaded on the Company’s website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, in the Special Resolution set out at Item No. 9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

Item No. 10

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee at their meeting held on 23rd May 2014 have, in accordance with the provisions of Articles of Association of the Company and subject to the approval of the shareholders in the General Meeting and that of the Central Government, if required under the provisions of the Companies Act, 2013, sought to reappoint Mr. Shirang Belgaonkar as Wholetime Director, for a further period of 3 (Three) years, effective from 24th July 2014 on terms and conditions as stated in the resolution.

Mr. Shirang Belgaonkar has been the Wholetime Director of the Company since 24th July 2006 and the last appointment as approved by the shareholders was valid from 24th July 2011 upto 23rd July 2014.

The remuneration will be payable effective from 1st July 2014 onwards to Mr. Shirang Belgaonkar. The proposed resolution which seeks the approval of the Shareholders in general meeting is to be passed as a Special Resolution.

The following is the statement of information for the Shareholders pursuant to Section II of Part II of Schedule V of the Companies Act, 2013.

I. GENERAL INFORMATION:

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

(₹ In lacs)

| Particulars | Financial year 2011-12 | Financial year 2012-13 | Financial year 2013-14 |
|---------------------------|------------------------|------------------------|------------------------|
| Total Income | 9521.15 | 10550.16 | 13467.49 |
| Total Expenses | 9437.80 | 10440.12 | 12928.68 |
| Net Profit for the period | 96.83 | 84.23 | (40.46) |
| Basic EPS | 1.32 | 1.15 | (0.55) |

- (5) Export performance and net foreign exchange collaborations: Export performance in the financial year 2013-14 was ₹ 7785.56 lacs as compared to ₹ 6060.36 lacs in 2012-13. Company does not have any foreign collaboration.
- (6) Foreign Investments or collaborators, if any: Rhodia Amines Chemicals Pte. Ltd. Singapore, part of Solvay S.A. group, holds 62.36% Equity Shares in the Company.

II. INFORMATION ABOUT THE APPOINTEE

- (1) Background details:

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

(2) Past Remuneration:

The remuneration approved as per the resolution passed by Board on 23rd May, 2014 was as follows:

1. Basic Salary: ₹ 77,350/- (Rupees Seventy Seven Thousand Three Hundred Fifty only) p.m.
2. House Rent Allowance: ₹ 77,350 (Rupees Seventy Seven Thousand Three Hundred Fifty only) p.m.
3. Education Allowance: ₹ 300/- (Rupees Three Hundred only) p.m.
4. Medical Allowance: ₹ 1,250/- (Rupees One Thousand Two Hundred Fifty only) p.m.
5. Conveyance Allowance: ₹ 6,500/- (Rupees Six Thousand Five Hundred only) p.m.
6. Leave Travel Allowance: ₹ 77,350/- (Rupees Seventy Seven Thousand Three Hundred Fifty only) p. a. for travel in India. Terms and conditions of the payment shall be as per the Company's policy.
7. Food Coupons worth ₹ 1,500/- (Rupees One Thousand Five Hundred only) p.m. shall be provided towards meals and snacks.
8. Other Allowances : ₹ 45,788/- (Rupees Forty Five Thousand Seven Hundred Eighty Eight only) p.m.
9. Variable Remuneration: ₹ 4,67,604 (Rupees Four Lacs Sixty Seven Thousand Six Hundred Four only) p.a.
10. Provident Fund: Benefits as per the scheme of the Company
11. Gratuity: Benefits in accordance with rules and regulations in force in the Company.
12. Car: Provision of Company's car along with reimbursement of monthly expenses for fuel and repairs.
13. Mobile: Mobile bills will be reimbursed by the Company.
14. Leave: Leave with full pay and allowance in accordance with rules and regulations in the Company in force from time to time.

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

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

(3) Recognition or awards: None

(4) Job Profile and his suitability:

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

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

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

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

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

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

Mr. Shrirang Belgaonkar jointly with Mrs. Devyani Belgaonkar and Mr. Nikhil Belgaonkar owns 0.19% of shares in the Company as of date. He does not have any pecuniary relationship with the Company other than the remuneration drawn as a Wholetime Director of the Company. He is not related to any managerial person of the Company.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits:

There were number of increases in key Raw Material Prices and changes in landed costs, caused by adverse foreign exchange rates.

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

Company has upgraded its production processes, installed balancing equipment for increased production.

With higher production, Company expects to lower per unit production cost including economy in Oil & Fuel costs and achieve better economy of scale in general.

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

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

IV. DISCLOSURES

The remuneration package of the Managerial Person is as disclosed in the Special Resolution.

The shareholders' approval is sought for the terms and conditions of payment of remuneration to Mr. Shirang Belgaonkar as the Wholetime Director of the Company.

The draft agreement to be entered into between the Company and Mr Belgaonkar is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company till the conclusion of the ensuing General Meeting.

Except Mr. Shirang Belgaonkar, none of the Directors and Key Managerial Personnel and their relatives is interested in the resolution.

The Board of Directors recommends the above resolution as a Special Resolution.

Item No. 11

The members of the Company at 26th Annual General Meeting held on 23rd August 2013 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company to borrow money upto a sum of ₹ 100 crores.

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 11 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 100 Crores in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested in the resolution at Item No.11.

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

Mumbai,
24th July 2014

Amit Kumashi
Company Secretary

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

Name: **Mr. Ian Brown**

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.

Name: **Mr. Pierre-Franck Valentin**

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.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to submit their 27th Annual Report and Audited Accounts for the year ended 31st March 2014, 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 2013-14, is as under:

(₹ In Lacs)

| | 2013-2014 | 2012-2013 | Change over previous years |
|---|--------------|-----------|----------------------------|
| Export Sales | 7927 | 6307 | 26% |
| Domestic Sales (Net of Excise Duty) | 5463 | 4223 | 29% |
| Revenue from Operations | 13390 | 10530 | 27% |
| Other Income | 78 | 20 | 62% |
| Total Income | 13468 | 10550 | 28% |
| Less : Materials Consumed | 9610 | 7559 | 27% |
| Employees Remuneration & Benefits | 499 | 468 | 7% |
| Manufacturing, Administrative, Selling & Other Expenses | 2141 | 1662 | 29% |
| Total Expenses | 12250 | 9689 | 27% |
| Operating Profit (EBITDA) | 1218 | 861 | 41% |
| Less: Finance Cost | 449 | 510 | (12%) |
| Profit Before Tax & Depreciation (Cash Profit) | 769 | 351 | 119% |
| Less: Depreciation | 230 | 248 | (7%) |
| Net Profit Before Tax | 539 | 103 | 423% |
| Less: Tax Provision | | | |
| Current Tax | 115 | 21 | |
| Deferred Tax | 693 | (2) | |
| MAT Credit Entitlement | (229) | - | |
| Net Profit/(Loss) after Tax | (40) | 84 | (52%) |

B. Management's Discussion and Analysis: F.Y. 2013-2014

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

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

I. 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.

II. Operating and Financial Performance of the Company

(₹ In Lacs)

| | F.Y. 2013-2014 | F.Y. 2012-2013 | Change over Previous year |
|----------------------|-------------------|-------------------|------------------------------------|
| (i) Exports | 7927 | 6307 | 26% |
| (ii) Domestic | 6155 | 4878 | 26% |
| Gross Sales | 14082 | 11185 | 26% |
| Less: Excise Duty | 692 | 655 | 6% |
| Net Sales | 13390 | 10530 | 27% |

| | F.Y. 2013-2014 | F.Y. 2012-2013 | Change over Previous year |
|------------------------|-------------------|-------------------|------------------------------------|
| Volume Sales (MT) | 9703 | 8146 | 19% |
| Net Sales Value (₹) | 13390 | 10530 | 27% |

During the year, Sales by Volume went up by 19% from 8146 Mt to 9703 Mt.

The Sales in Value terms went up by 27%. Export Sales went up by 26% from ₹ 6307 lacs to ₹ 7927 lacs and Domestic Sales went up by 26% from ₹ 4878 lacs in 2012-13 to ₹ 6155 lacs in 2013-14.

EBIDTA was up by 41% at ₹ 1218 lacs in the year 2013-14 against EBIDTA of ₹ 868 lacs in the previous year.

Finance Cost came down from ₹ 510 lacs in 2012-13 to ₹ 449 lacs in 2013-14, a drop of 12% over that of previous year.

Cash profit (Profit before Tax & Depreciation) went up by 119% from ₹ 351 lacs in the year 2012-13 to ₹ 769 lacs in the year 2013-14.

After provision of depreciation of ₹ 230 lacs for 2013-14 (₹ 248 lacs for 2012-13). Net Profit before Tax provision went up from ₹ 103 lacs to ₹ 539 lacs a rise of 423%.

However, as a matter of abundant caution and prudence, in addition to provision of current year's Income tax, a provision for MAT credit entitlement and revision on Deferred Tax has been made having final effect that post tax provision, the Net Profit after Tax came down from ₹ 84 lacs in 2012-13 to a loss of ₹ 40 lacs for 2013-14.

III. Outlook

Your Company is already recognized globally, as a reliable supplier of quality Specialty Chemicals, for a variety of end use applications. Your Company is reasonably optimistic to further improve its performance in the current year. Your Company's products range continues to be accepted all over the world and now Sunshield being of Solvay group has a strong presence worldwide, resulting in 26%+ growth in domestic as also export business.

With the Company's strength to implement Environment Health and Safety upgrades at Rasal production site to meet Solvay's Global standards, the Company plans to take up Capex plan (amounting to Equivalent to US \$ 8 million, for which Reserve Bank of India approval has been already received) for these up-grades as also capacity increase and diversification, bringing long term sustainable growth path for the Company.

IV. Risks and Concerns:

- Slow down in world economies, affect demand from user industry specifically in Europe.
- Lower overall demand, can bring pressures all over and the aggressive pricing can cause concerns about margins.

V. 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.

VI. 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.)

C. Dividend

In view of losses, the Board of Directors does not recommend any dividend for the year ended 31st March 2014.

D. Directors

The Board of Directors at their meeting held on 23rd May 2014 have, sought to reappoint Mr. Shrirang Belgaonkar as Wholetime Director, for a further period of 3 (Three) years, effective from 24th July 2014. The Board seeks approval for re-appointment of Mr. Shrirang Belgaonkar as Wholetime Director of the Company.

On notification of Section 149 and other applicable provisions of Companies Act, 2013, your Directors are seeking appointment of Mr. Suresh Talwar, Mr. Yogesh Thar and Mr. Sanjeev Mukerjee as Independent Directors for five consecutive years for a term upto 31st March 2019. Details of the proposal for appointment of Mr. Suresh Talwar, Mr. Yogesh Thar and Mr. Sanjeev Mukerjee are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 27th Annual General Meeting.

In accordance with the provision of the Companies Act, 2013 Mr. Ian Brown and Mr. Pierre Frank Valentin, Directors of the Company, retires by rotation and being eligible, offers themselves, for re-appointment.

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

None of the Directors is disqualified from being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013.

E. Directors' Responsibility Statement

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

- (i) that in the preparation of the accounts for the financial year ended 31st March 2014, 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, 2014 on a 'going concern' basis.

F. Fixed Deposits

The Company has not accepted any fixed deposits during the year.

G. Auditors

M/s. Ashok Pandit & Co., Chartered Accountants, Auditors of the Company, will retire at the conclusion of the 27th Annual General Meeting and are not seeking re-appointment for the next year.

The Board of Directors at its Board Meeting held on 23rd May 2014 has appointed M/s. Deloitte Haskins & Sells LLP, as Statutory Auditors of the Company. They have issued necessary certificate as required under Section 141 of the Companies Act, 2013. The Board recommends their appointment.

H. Cost Audit

Cost Audit Report for the year 2012-13 was filed with the Ministry of Corporate Affairs on 26th August 2013 in XBRL format.

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 2013-14. Cost Audit Report for the financial year 2013-14 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 2014.

I. 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.

The status of complaints received from female employees with regard to sexual harassment during the year is as under:

| Number of Complaints of sexual harassment received during the period December 2013 to March 2014 | Number of complaints disposed off during the period December 2013 to March 2014 | Nature of action taken by the employer |
|--|---|--|
| NIL | Not applicable | Not applicable |

J. 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.

K. 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.

L. 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.

M. 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,
23rd May 2014

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 2014.

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 | 2013-14 | 2012-13 |
|---|----------------|----------------|
| (a) Purchased: | | |
| Units (KWH) | 30,28,457 | 29,83,009 |
| Total Amount ₹ | 2,07,35,742 | 2,12,67,993 |
| Average Rate/Unit (₹ KWH) | 6.85 | 7.13 |
| Average cost of purchased electricity consumed per unit of production ₹ MT | 2136.95 | 2610.76 |

| Particulars | 2013-14 | 2012-13 |
|--|----------------|---------------|
| (b) Own Generation: | | |
| FO/LDO/HSD consumed (Ltrs.) | 1,69,537 | 1,69,200 |
| Total Cost ₹ | 98,64,783 | 79,32,374 |
| Average Rate (₹/Ltr.) | 58.19 | 46.88 |
| Average cost of own generation electricity consumed per unit of production ₹ MT | 1016.63 | 973.74 |

Others/Internal generations

| Particulars | 2013-14 | 2012-13 |
|---|----------------|----------------|
| (a) Briquette Consumed (MT) | 2728.37 | 1205.74 |
| Total Cost ₹ | 1,62,36,836 | 68,10,326 |
| Average Rate of Briquette (₹ MT) | 5951.12 | 5648.25 |
| Average Briquette Consumed per unit of production | 0.281 | 0.148 |
| Average cost of Briquette consumed per unit of production ₹ MT | 1673.31 | 836.01 |
| (b) Firewood Consumed (MT) | 3562.00 | 3348.00 |
| Total Cost ₹ | 1,43,08,116 | 1,14,41,161 |
| Average Rate of Firewood (₹ MT) | 4016.96 | 3417.21 |
| Average Firewood Consumed per unit of production | 0.367 | 0.411 |
| Average cost of Firewood consumed per unit of production ₹ MT | 1474.54 | 1390.72 |

(b) Consumption per unit of Production

| Particulars | 2013-14 | 2012-13 |
|--|----------------|----------------|
| Production Units (Mt.) | 9703.44 | 8146.27 |
| Electricity (Units/Mt.) | 312.10 | 366.18 |
| FO/LDO/HSD (Ltr. /Mt). | 17.47 | 20.77 |
| Briquette (Mt/Mt) | 0.281 | 0.148 |
| Firewood (Mt/Mt) | 0.367 | 0.411 |
| Total Cost of Power and Fuel (₹ in lacs) | 611.45 | 473.40 |
| Average Rate of Power and Fuel Consumption per MT of Production | 6301.42 | 5811.23 |

FORM B

Disclosure of particulars with respect to Technology Absorption, Research and Development: (R & D) as on 31st March 2014:

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 | } | Not Applicable as no Imported technology is put to use |
| (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. | | |

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)

| | 2013-14 | 2012-13 |
|------------------------------------|---------|---------|
| (i) Total foreign exchange used | 2981.74 | 2832.27 |
| (ii) Total foreign exchange earned | 7785.56 | 6060.36 |

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): Eight Non-Executive Directors (NEDs) and one Whole-Time Director. Of the Eight 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(I)(A) of the Listing Agreement. All the Directors of the Company are eligible to retire by rotation except the Wholetime Director.

Four Board Meetings were held during the financial year ended 31st March 2014 i.e. on **27th May 2013, 9th August 2013, 31st October 2013, and 31st January 2014.**

The details of the names and categories of the Directors, their attendance at Board Meetings, Annual General Meetings, Number of directorships and committee memberships in companies other than Sunshield Chemicals Limited are given below:

| Name of Director(s) | Category of Directorship | Board Meetings attended | Attendance at last AGM | No. of other Directorships held # | No. of Audit Committees and Investors Grievance Committees in which Chairman/ member |
|--|--|-------------------------|------------------------|-----------------------------------|--|
| Mr. Suresh Talwar | Chairman Independent and Non-Executive | 4 | Yes | 14 | 3/6 |
| Mr. Michel Ybert | Non-Executive Director | – | No | 2 | 0/0 |
| Mr. Sanjeev Mukerjee | Independent and Non-Executive Director | 3 | Yes | 2 | 1/1 |
| Mr. Ian Brown | Non-Executive Director | 1 | No | 2 | 0/0 |
| Mr. Yogesh Thar | Independent and Non-Executive Director | 4 | Yes | 3 | 1/0 |
| Mr. Manoj Khullar | Non-Executive Director | 4 | Yes | 1 | 0/2 |
| Mr. Pierre Franck Valentin | Non-Executive Director | – | No | 2 | 0/0 |
| Mr. Satish Kelkar | Non-Executive Director | 4 | Yes | – | 0/0 |
| Mr. Shrirang Belgaonkar | Whole-time Director | 4 | Yes | – | 0/0 |
| Mr. Chen Pu (Alternate to Mr. Pierre Franck Valentin) | Non-Executive Alternate Director | – | No | 1 | 0/0 |
| Mr. Guo Lin (Alternate to Mr. Michel Ybert) | Non-Executive Alternate Director | – | No | – | 0/0 |

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 holds 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.

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.

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 includes five Directors viz., Mr. Yogesh Thar, Mr. Sanjeev Mukerjee, Mr. Suresh Talwar, Mr. Manoj Khullar and Mr. Satish Kelkar. It has three Independent directors viz. Mr. Yogesh Thar, Mr. Sanjeev Mukerjee and Mr. Suresh Talwar. Mr. Yogesh Thar is Chairman of the Committee. Mr. Suresh Talwar was appointed as Member of the Audit Committee with effect from 21st January 2014.

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 2013-14 i.e. **on 27th May 2013, 9th August 2013, 31st October 2013, and 31st January 2014.**

Attendance at Audit Committee Meetings:

| Name | Numbers of Meetings held – Four Attended |
|----------------------|--|
| Mr. Yogesh Thar | 4 |
| Mr. Sanjeev Mukerjee | 3 |
| Mr. Manoj Khullar | 4 |
| Mr. Satish Kelkar | 4 |
| Mr. Suresh Talwar | 1 |

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:

Remuneration Committee includes three Directors viz. Mr. Suresh Talwar, Mr. Yogesh Thar and Mr. Sanjeev Mukerjee.

During the year one Remuneration Committee Meeting was held on 9th August 2013. The meeting was attended by all members.

Remuneration of Directors:

Non-Executive Directors were paid Sitting Fees of ₹ 20,000/- (Rupees Twenty Thousand only) for each Meeting of the Board of Directors or Committee(s) thereof, attended by them.

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

Sunshield Chemicals Limited

Details of Directors' remuneration and sitting fees paid in the financial year, 2013-14 as on 31st March 2014 are given below:

- Non-Executive Directors**

| Name of Director | Sitting Fees (₹) |
|----------------------------|------------------|
| Mr. Suresh Talwar | 1,20,000 |
| Mr. Michel Ybert | Nil |
| Mr. Sanjeev Mukerjee | 1,60,000 |
| Mr. Ian Brown | Nil |
| Mr. Yogesh Thar | 2,00,000 |
| Mr. Manoj Khullar | Nil |
| Mr. Pierre Franck Valentin | Nil |
| Mr. Satish Kelkar | 1,60,000 |
| Mr. Chen Pu | Nil |
| Mr. Guo Lin | Nil |

- Whole Time Director:**

(In ₹)

| Name of Director | Salary | Perquisites | Performance Incentive | Contribution to Statutory Funds | Total |
|---------------------|----------|-------------|-----------------------|---------------------------------|-----------|
| Shrirang Belgaonkar | 8,40,000 | 14,87,796 | 4,69,160 | 1,00,800 | 28,97,756 |

Shareholding by Directors:

| Name of Director | No. of shares held |
|--------------------------|--------------------|
| Mr. Satish Kelkar@ | 98207 |
| Mr. Shrirang Belgaonkar^ | 13929 |

@ Shares are jointly held with Mrs. Sonali Kelkar.

^ 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 includes three Directors viz. Mr. Sanjeev Mukerjee, Mr. Yogesh Thar and Mr. Manoj Khullar.

During the financial year 2013-14, one committee meeting was held on 9th August 2013. The meeting was attended by all members.

During the year under review 19 correspondences were received from the Company's Shareholders on various subjects such as loss of securities, request for change in address, request for ECS registration, request for issue of duplicate share certificate and request for documents registration 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 |
|----------------|------------------|---|--------------------------------------|------------|
| 2012-13 | 26 th | Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai - 400 021 | Friday, 23 rd August 2013 | 12.00 Noon |
| 2011-12 | 25 th | M. C. Ghia Hall, Bhoghilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 023 | Tuesday, 7 th August 2012 | 11.30 a.m |
| 2010-11 | 24 th | | Tuesday, 26 th July 2011 | 11.30 a.m |

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

(i) At 26th AGM held on 23rd August 2013

- Appointment of Mr. Satish Kelkar as Advisor to the Company.
- Approval of Payment of Commission to Non-Executive Directors of the Company.

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

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

(iii) 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.

(c) **Resolutions passed through Postal Ballot during 2013-14:**

During the year, the Company has sought approval of Members, through Postal Ballot as per Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2011 for following Special Resolution:

1. Revision in remuneration payable to Mr. Shrirang Belgaonkar, Wholetime Director of the Company under Sections 198, 309, 310 and in terms of the ceiling limits set out in Para B of Section II of Part II of Schedule XIII of the Act with effect from 1st April 2013 for the remainder of his tenure upto 23rd July 2014.

Mr. Alwyn D'souza, Practising Company Secretary was appointed as Scrutinizer for conducting Postal Ballot process. Based on the Scrutinizer's Report, the Result of Postal Ballot was declared on 18th September 2013 at the Registered Office of the Company, as follows:

| Particulars | No. of Postal Ballot Forms | No. of Shares Voted Upon | Percentage (%) |
|---|----------------------------|--------------------------|----------------|
| Total Postal Ballot Forms received | 69 | 47,10,640 | – |
| Less : Invalid Postal Ballot Forms | 12 | 4,810 | – |
| Net Valid Postal Ballot Forms | 57 | 47,05,830 | – |
| Postal Ballot Forms with assent for the Resolution | 52 | 46,99,529 | 99.87 |
| Postal Ballot Forms with dissent for the Resolution | 5 | 6,301 | 0.13 |

The aforesaid Special resolution was approved by the Members with the requisite majority.

Procedure for the Postal Ballot Process:

After receiving the approval of the Board of Directors, Notice of Postal Ballot, text of the Resolution and Explanatory statement, Postal Ballot Form and Self-addressed postage pre-paid envelopes are sent to the Shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing activity chart was filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors of the Company. After the last date for receipt of the ballots, the Scrutinizer after due verification, submitted his report. Thereafter, the Chairman declared the result of the Postal Ballot. The same is published in the Newspaper and displayed on the Notice Board at the registered office of the Company.

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 23rd May 2014 to approve the Audited Annual Accounts for the year ended 31st March 2014.

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.solvayindia.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 BSE Limited.

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

9. General Shareholders Information:

- (a) 27th Annual General Meeting will be held on **Wednesday, 10th September 2014** at 10.30 a.m. at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021.
- (b) The Company's financial Year is from on 1st April to 31st March.
- (c) Dates of book closure **Friday, 29th August 2014 to Friday, 5th September 2014** (both days inclusive) for the purpose of Annual General Meeting.
- (d) Listing on Stock Exchanges: The Company's equity shares are listed on BSE Limited, Mumbai. The Annual Listing fees have been paid and there is no outstanding payment towards the stock exchanges, as on date.
- (e) The Company has paid custodial fees for the year 2014-15 to National Securities Depository Limited and Central Depository Services (India) Limited.
- (f) Stock Code/Symbol

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

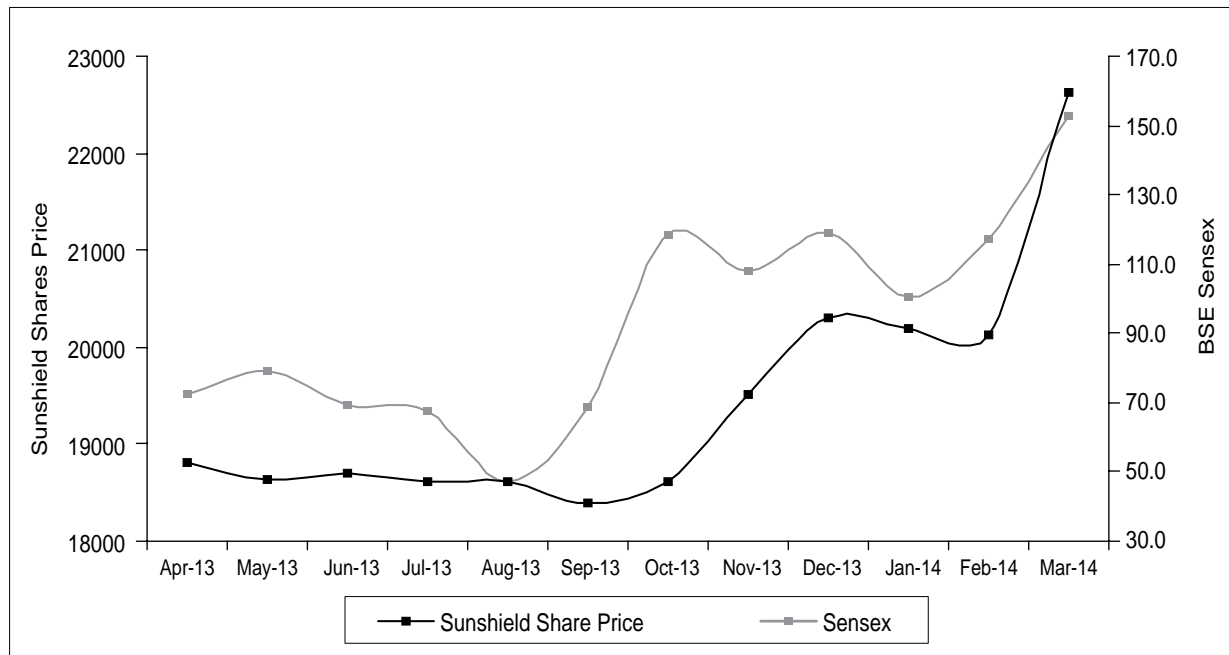
(g) Market Price Data:

(High/Low) Company's Share Price during each month in the financial year 2013-14 and performance in comparison to the BSE Sensex.

Share Price Vs Sensex for 2013-14

| Month | Share Price | | | BSE Sensex | | |
|---------------|-------------|---------|-------------|------------|----------|-------------|
| | High (₹) | Low (₹) | Variation % | High (₹) | Low (₹) | Variation % |
| April, 2013 | 57.00 | 42.85 | -24.82 | 19622.68 | 18144.22 | -7.53 |
| May | 53.00 | 47.00 | -11.32 | 20443.62 | 19451.26 | -4.85 |
| June | 52.00 | 40.10 | -22.88 | 19860.19 | 18467.16 | -7.01 |
| July | 50.00 | 41.00 | -18.00 | 20351.06 | 19126.82 | -6.02 |
| August | 50.00 | 42.55 | -14.90 | 19569.20 | 17448.71 | -10.84 |
| September | 50.95 | 40.55 | -20.41 | 20739.69 | 18166.17 | -12.41 |
| October | 47.15 | 39.95 | -15.27 | 21205.44 | 19264.72 | -9.15 |
| November | 72.35 | 46.00 | -36.42 | 21321.53 | 20137.67 | -5.55 |
| December | 94.30 | 67.15 | -28.79 | 21483.74 | 20568.70 | -4.26 |
| January, 2014 | 109.10 | 90.30 | -17.23 | 21409.66 | 20343.78 | -4.98 |
| February | 96.00 | 85.00 | -11.46 | 21140.51 | 19963.12 | -5.57 |
| March | 159.75 | 86.00 | -46.17 | 22467.21 | 20920.98 | -6.88 |

(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

Sunshield Chemicals Limited

to be traded in dematerialized form, members who still hold these shares in physical form are requested to open demat accounts with Depository Participants registered with National Securities Depository Ltd. (NSDL) and/or Central Depository Services Ltd. (CDSL) and get their shares dematerialized.

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

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 2014:

| Category | No. of Shareholders | % to total No. of Shareholders | No. of shares | % to total Shares |
|--------------|---------------------|--------------------------------|------------------|-------------------|
| 1 - 500 | 2,274 | 77.80 | 4,27,504 | 5.81 |
| 501 - 1000 | 285 | 9.75 | 2,32,095 | 3.16 |
| 1001 - 2000 | 168 | 5.75 | 2,50,659 | 3.41 |
| 2001 - 3000 | 43 | 1.47 | 1,10,628 | 1.50 |
| 3001 - 4000 | 27 | 0.92 | 96,231 | 1.31 |
| 4001 - 5000 | 36 | 1.23 | 1,70,793 | 2.32 |
| 5001 - 10000 | 50 | 1.71 | 3,79,175 | 5.16 |
| Above 10001 | 40 | 1.37 | 56,85,975 | 77.33 |
| Total | 2,923 | 100.00 | 73,53,060 | 100.00 |

Categories of Shareholding as on 31st March 2014:

| 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 | 25,12,910 | 34.18 |
| | Non Resident Indians | 35,636 | 0.48 |
| | Other Corporate Bodies | 2,18,418 | 2.97 |
| | 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 2014, 71,57,155 Equity Shares comprising of 97.34% 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, 4th Floor, 462, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013 Tel.: 022 - 66637101 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.solvayindia.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 2014, have affirmed compliance with code of conduct.

For Sunshield Chemicals Limited

Mumbai,
23rd May 2014

Shrirang Belgaonkar
Wholetime Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Sunshield Chemicals Limited

We have examined the compliance of conditions of **Corporate Governance by Sunshield Chemicals Limited** for the financial year **2013-14**, 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 2014, 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 **ASHOK PANDIT & CO.**
Chartered Accountants
(Regn. No. 100674W)

Vikas Mhatre
Partner

Membership no.034195

Mumbai,
23rd May 2014

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 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company 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) which continue to be applicable in respect of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;
- (ii) In the case of the Statement of Profit & Loss, of the Loss 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 paragraphs 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,

2014, 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 2014 from being appointed as Director in term of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **ASHOK PANDIT & CO.**
Chartered Accountants
(Regn. No. 100674W)

(VIKAS S. MHATRE)

Partner

Membership No. 034195

Date: 23rd May 2014

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) Based on verification and reconciliation of the fixed assets during the year, the Company has updated its records in respect of Fixed Assets showing full particulars, including quantitative details and situation of fixed assets.
 - (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, certain material discrepancies were noticed on such verification and the same have been appropriately dealt in the books of account.
 - (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) The Company has taken loans from two parties covered in the register maintained under section 301 of the Act. The said loans are repayable on demand, one of them is ECB. The maximum amount involved during the year and the year-end balance of such loans aggregates to ₹ 1916.89 Lacs and ₹ 1601.86 Lacs. 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 and having regard to the explanation that purchases of certain items of inventories are for the company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, 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 and services. We have not observed a continuing failure to correct major weakness in the internal control system during the course of the audit.
- (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/services during the year with associate companies. These transactions are in excess of ₹ 5 lacs in respect of each party. Having regard to

specialized requirements of the buyer and for which suitable alternative sources are not available to obtain comparable solutions at relevant point of time, we are of the opinion that these transaction were made at reasonable prices.

- (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 Sections 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 in this regard.
- (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 provident 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 year-end for a period of more than six months from the date they became payable.

According to the information and explanations given to us, the dues outstanding of income-tax on account of any dispute as follows:

₹ In Lacs

| Sr. No. | Nature of Dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---------|----------------|--------|------------------------------------|--------------------------------|
| 1 | Assessment | 78.82 | a. y. 2007-08 | ITAT |

- (x) The Company does not have accumulated losses at the end of the preceding year. Further 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) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, 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 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 **ASHOK PANDIT & CO.**
Chartered Accountants
(Firm Regn. No. 100674W)

(VIKAS S. MHATRE)

Date: 23rd May 2014
Place: Mumbai

Partner
Membership No. 034195

Balance Sheet As At March 31, 2014

₹ In Lacs

| Particulars | Note No. | As at March 31, 2014 | As at March 31, 2013 |
|------------------------------------|--------------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share capital | 1.1 | 735.31 | 735.31 |
| (b) Reserves and surplus | 1.2 | 1,370.09 | 1,410.56 |
| | A | 2,105.40 | 2,145.87 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 1.3 | 2,240.85 | 1,851.65 |
| (b) Long-term provisions | 1.4 | 56.30 | 46.86 |
| (c) Deferred Tax Liability/(Asset) | 1.5 | 502.96 | (190.32) |
| | B | 2,800.11 | 1,708.19 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 1.6 | 2,164.54 | 1,013.32 |
| (b) Trade payables | 1.7 | 1,251.74 | 1,320.29 |
| (c) Other current liabilities | 1.8 | 1,242.60 | 1,519.12 |
| (d) Short-term provisions | 1.9 | 505.51 | 240.00 |
| | C | 5,164.39 | 4,092.73 |
| TOTAL | A+B+C | 10,069.90 | 7,946.79 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible assets | 1.10 | 3,358.91 | 3,551.15 |
| (ii) Capital work-in-progress | | 312.11 | 36.98 |
| | D | 3,671.02 | 3,588.13 |
| (b) Non-current investments | 1.11 | 427.75 | 427.75 |
| (c) Long-term loans and advances | 1.12 | 328.34 | – |
| | E | 756.09 | 427.75 |
| (2) Current Assets | | | |
| (a) Inventories | 1.13 | 1,379.64 | 1,140.43 |
| (b) Trade receivables | 1.14 | 3,288.53 | 2,188.13 |
| (c) Cash and Bank Balances | 1.15 | 272.51 | 51.70 |
| (d) Short-term loans and advances | 1.16 | 637.29 | 462.25 |
| (e) Other current assets | 1.17 | 64.82 | 88.40 |
| | F | 5,642.79 | 3,930.91 |
| TOTAL | D+E+F | 10,069.90 | 7,946.79 |

See accompanying notes to the financial statements, as under

| | |
|---------------------------------|---|
| Significant Accounting Policies | 2 |
| Other Notes | 3 |

In terms of our report of even date

Ashok Pandit & Co.
Chartered Accountants

Firm Registration No. 100674W

Vikas S. Mhatre
Partner
Membership No. 034195

Mumbai, 23rd May, 2014

For and on behalf of the Board of Directors

Sunshield Chemicals Limited

Suresh Talwar
Chairman

Yogesh Thar
Director

Shrirang Belgaonkar
Wholetime Director

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

Mumbai, 23rd May, 2014

Statement of Profit and Loss For the Year Ended March 31, 2014

₹ In Lacs

| Particulars | Note No. | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|----------|------------------------------|------------------------------|
| Income: | | | |
| I. Revenue from operations | 1.18 | 13,389.57 | 10,530.08 |
| II. Other income | 1.19 | 77.92 | 20.08 |
| III. Total Revenue (I + II) | | 13,467.49 | 10,550.16 |
| IV. Expenses: | | | |
| Cost of materials consumed | 1.20 | 9,881.41 | 7,644.97 |
| Changes in inventories of finished goods, work-in-progress | 1.21 | (270.54) | (85.68) |
| Employee benefits expense | 1.22 | 498.58 | 468.36 |
| Finance costs | 1.23 | 448.59 | 509.76 |
| Depreciation and amortization expense | 1.10 | 230.13 | 248.17 |
| Other expenses | 1.24 | 2,140.51 | 1,661.54 |
| Total Expenses | | 12,928.68 | 10,447.12 |
| V. Profit before tax (III - IV) | | 538.81 | 103.04 |
| VI. Income Tax Expense: | | | |
| (1) Current Tax | | (115.00) | (20.50) |
| (2) Deferred Tax | 1.5 | (693.27) | 1.69 |
| (3) MAT Credit Entitlement | 1.12 | 229.00 | - |
| VII. Profit/(Loss) for the year | | (40.46) | 84.23 |
| VIII. Earnings per equity share: | | | |
| (1) Basic | | (0.55) | 1.15 |
| (2) Diluted | | (0.55) | 1.15 |
| <i>See accompanying notes to the financial statements, as under</i> | | | |
| Significant Accounting Policies | 2 | | |
| Other Notes | 3 | | |

In terms of our report of even date

Ashok Pandit & Co.
Chartered Accountants

Firm Registration No. 100674W

Vikas S. Mhatre

Partner

Membership No. 034195

Mumbai, 23rd May, 2014

For and on behalf of the Board of Directors

Sunshield Chemicals Limited

Suresh Talwar

Chairman

Yogesh Thar

Director

Shrirang Belgaonkar

Wholetime Director

Rajeev Gupte

Chief Financial Officer

Amit Kumashi

Company Secretary

Mumbai, 23rd May, 2014

CASH FLOW STATEMENT

₹ In Lacs

| Particulars | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--|-----------------------|-----------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | 538.81 | 103.04 |
| Adjustments for non cash items/items required to be disclosed separately: | | |
| Depreciation | 230.13 | 248.16 |
| Interest Income | (13.28) | (4.62) |
| Dividend Income | (0.03) | (0.05) |
| (Profit)/Loss on Sale of Fixed Assets | 38.83 | 1.90 |
| Incremental Sales Tax Deferral | (7.38) | (7.86) |
| Interest Expenses | 448.59 | 509.75 |
| | <u>696.86</u> | <u>747.28</u> |
| Operating Profit before Working Capital Changes | 1,235.67 | 850.32 |
| Adjustments for changes in Working Capital/Provisions: | | |
| Decrease/(Increase) in Trade Receivables | (1,100.40) | (276.87) |
| Decrease/(Increase) in Inventories | (239.21) | (128.28) |
| Decrease/(Increase) in Other Current Assets | 23.58 | 291.55 |
| Decrease/(Increase) in Loans & Advances | (231.95) | (343.65) |
| (Decrease)/Increase in Provision | 169.14 | 148.00 |
| (Decrease)/Increase in Other Current Liabilities | (285.72) | 947.44 |
| (Decrease)/Increase in Trade Payables | (68.55) | 72.27 |
| | <u>(1,733.11)</u> | <u>710.46</u> |
| Cash Generated from/ (used in) Operations | (497.44) | 1,560.78 |
| Income Tax Paid (Net of refunds) | (42.43) | (25.99) |
| Net Cash flow from Operating Activities | (539.87) | 1,534.79 |
| (B) | | |
| Capital expenditure on Fixed Assets including capital Advances | (351.85) | (156.59) |
| Interest Received | 13.28 | 4.62 |
| Dividend Received | 0.03 | 0.05 |
| Proceeds from Sale of Fixed Assets | - | 4.85 |
| Net Cash used in Investing Activities | (338.54) | (147.07) |
| | <u>(878.41)</u> | <u>1,387.72</u> |
| (C) | | |
| Interest Paid | (448.59) | (509.75) |
| Proceeds from Long Term Borrowings | 408.69 | 584.58 |
| Proceeds from Short Term Borrowings | 1,151.22 | (1,473.39) |
| Incremental Deferred Sales Tax Installments | (12.10) | (12.54) |
| Net Cash used in Financing Activities | 1,099.22 | (1,411.10) |
| Net increase/(decrease) in Cash and cash equivalents | 220.81 | (23.38) |
| Cash and cash equivalents on 31.03.2013 | 51.70 | 75.08 |
| Cash and cash equivalents on 31.03.2014 | 272.51 | 51.70 |
| Cash and Cash Equivalents: | | |
| Cash on hand | 0.38 | 0.28 |
| Balances with scheduled banks: | | |
| in current accounts | 1.13 | 0.52 |
| in deposit account | 271.00 | 50.90 |
| Total | 272.51 | 51.70 |

In terms of our report of even date

Ashok Pandit & Co.
Chartered Accountants
Firm Registration No. 100674W

Vikas S. Mhatre
Partner
Membership No. 034195

Mumbai, 23rd May, 2014

For and on behalf of the Board of Directors

Sunshield Chemicals Limited

Suresh Talwar
Chairman

Rajeev Gupte
Chief Financial Officer

Mumbai, 23rd May, 2014

Yogesh Thar
Director

Shrirang Belgaonkar
Wholetime Director

Amit Kumashi
Company Secretary

Notes to the financial statements as at March 31, 2014

NOTE NO. 1.1 Share Capital

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Authorised Capital | | |
| 15000000 Equity Shares of ₹10/- each | 1,500.00 | 1,500.00 |
| 5000000 7% Non Cummulative Redeemable Preference Shares of ₹10/- each | 500.00 | 500.00 |
| | <u>2,000.00</u> | <u>2,000.00</u> |
| Issued Capital | | |
| 73,53,060 Equity Shares of ₹10/- each | 735.31 | 735.31 |
| | <u>735.31</u> | <u>735.31</u> |
| Subscribed and Paid up | | |
| 73,53,060 Equity Shares of ₹10/- each | 735.31 | 735.31 |
| | <u>735.31</u> | <u>735.31</u> |

(a) **Reconciliation of number of shares outstanding at the beginning and at the end of the year**

| Equity Shares | As at March 31, 2014 | | As at March 31, 2013 | |
|------------------------------------|----------------------|-------------------|----------------------|------------|
| | No. of Shares | ₹ In Lacs | No. of Shares | ₹ In Lacs |
| At the beginning of the year | 7353060 | 735.31 | 7353060 | 735.31 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the year | <u>7353060</u> | <u>73,530,600</u> | 7353060 | 73,530,600 |

(b) **Shares held by Holding / Ultimate Holding Company and/or their Subsidiaries**

| | As at March 31, 2014 | | As at March 31, 2013 | |
|--|----------------------|-----------|----------------------|-----------|
| | No of shares | ₹ In Lacs | No of shares | ₹ In Lacs |
| Rhodia Amines Chemicals Pte Limited (Holding Company) | 4585196 | 458.52 | 4585196 | 458.52 |

(c) **Details of shareholders holding more than 5% equity shares in the Company**

| Name of Shareholder | As at March 31, 2014 | | As at March 31, 2013 | |
|-------------------------------------|----------------------|------------|----------------------|------------|
| | No of shares | Percentage | No of shares | Percentage |
| Rhodia Amines Chemicals Pte Limited | 4585196 | 62.36 | 4585196 | 62.36 |

Sunshield Chemicals Limited

Notes to the financial statements as at March 31, 2014 (Continued)

NOTE NO. 1.2 Reserves And Surplus

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| (a) Capital Reserves | | |
| Special Capital Incentive Grants | 26.06 | 26.06 |
| Value of Ownership Rights | 427.50 | 427.50 |
| Closing Balance | 453.56 | 453.56 |
| (b) Securities Premium Account | 883.10 | 883.10 |
| (c) Surplus/(Deficit) in statement of Profit and Loss: | | |
| Opening balance | 73.90 | (10.33) |
| Add: Net (Loss) / Profit For the current year | (40.47) | 84.23 |
| Closing Balance | 33.43 | 73.90 |
| Total | 1,370.09 | 1,410.56 |

Sub-note:

Special Capital Incentive Grants are received under Sales Tax Deferral Schemes.
Valuation of Ownership Rights in office premises is as valued by a Chartered Engineer & Valuer.

NOTE NO. 1.3 Long-Term Borrowings

| Particulars | ₹ In Lacs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| UNSECURED | | |
| (a) Term loans | | |
| From Banks | 1,700.00 | 1,700.00 |
| (b) Deferred payment liabilities | | |
| Interest free sales tax loans: 1993 Scheme | 138.99 | 151.65 |
| (c) Other loans and advances | | |
| Loan from Associate Company (ECB) | 401.86 | - |
| Sub-Total | 2,240.85 | 1,851.65 |

Sub-notes:

Term Loan:

| | | | ₹ In Lacs | |
|-------------|-------------------------|-------------------|-----------------|-----------------|
| | | | 31 March, 2014 | 31 March, 2013 |
| BNP Paribas | Non current Liabilities | Referred as above | 1,700.00 | 1,700.00 |
| | | | 1,700.00 | 1,700.00 |

Notes to the financial statements as at March 31, 2014 (Continued)

Disclosure thereof are as under:

Term Loan:

| 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:

- The Term Loan has been sanctioned against a Corporate Guarantee given by Rhodia S.A., a group company based in France.
- The said Term Loan from the bank as at March 31, 2014; is repayable after 5 years (60 months with option to prepay) from the date of acceptance (28-02-2013) in one single installment. Interest is payable on monthly basis on the amount of loan outstanding.

Deferred Payment Liabilities:

- Interest free unsecured loans (converted from Sales Tax Deferral Incentive Scheme of Maharashtra State) outstanding as on 31st March, 2014 stand at ₹ 172.91 Lacs (P.Y. ₹ 185.02 Lacs). The present value of the aforesaid loans in accordance with the Notification dt. 16-11-2002 of the Maharashtra Government stands at ₹ 159.02 Lacs as under (Previous Year ₹ 163.75 Lacs).

| | | ₹ In Lacs | |
|-------------------------|--------------------------|----------------|----------------|
| | | 31 March, 2014 | 31 March, 2013 |
| Current Liabilities | Referred in Note No. 1.8 | 20.03 | 12.10 |
| Non current Liabilities | Referred as above | 138.99 | 151.65 |
| | | <u>159.02</u> | <u>163.75</u> |

- With respect to Sales Tax Deferral prior to 01-04-2004, provision has been made for the year ended 31st March 2014 for the incremental present value of ₹ 7.38 Lacs (P.Y. ₹ 7.86 Lacs) and is appearing in the Note No. 1.24 of Other Expenses.

Other Loans & Advances:

- The Company has accepted foreign currency loan of US Dollars 0.671 mn out of the total approval of USD 8.00 mn in the form of External Commercial Borrowing (ECB) from its group company based in Ireland as per the approval received from Reserve Bank of India. Total loan outstanding as at 31st March, 2014 stood at ₹ 401.86 Lacs.
- Total cost of this borrowings, including interest and exchanges differences during the year is ₹ 10.79 Lacs which as per the accounting policy of the company is treated as capital expenditure, details of which are as under:

| | | ₹ In Lacs | |
|---|--|----------------|----------------|
| | | March 31, 2014 | March 31, 2013 |
| Loan Movement: | | | |
| Outstanding as on 31-03-2013 | | - | - |
| Amount drawn during the year | | 416.89 | - |
| Exchange Gain on Revaluation | | (15.03) | - |
| Closing Balance as on 31-03-2014 | | <u>401.86</u> | - |
| Finance cost for the year: | | | |
| Interest Cost | | 4.24 | - |
| Exchange Gain on Revaluation | | (15.03) | - |
| Net Finance Cost capitalized | | <u>(10.79)</u> | - |

Sunshield Chemicals Limited

Notes to the financial statements as at March 31, 2014 (Continued)

NOTE NO. 1.4 Long-Term Provisions

| Particulars | ₹ In Lacs | |
|----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Provision for Employee Benefits: | | |
| Leave Encashment | 39.20 | 30.75 |
| Group Gratuity | 17.10 | 16.11 |
| Total | 56.30 | 46.86 |

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. 1.9 | 14.55 | 10.62 |
| Non current Liabilities | Referred as above | 39.20 | 30.75 |
| | | 53.75 | 41.37 |

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

| | | | |
|-------------------------|-------------------|--------------|--------------|
| Non current Liabilities | Referred as above | 17.10 | 16.11 |
| | | 17.10 | 16.11 |

NOTE NO. 1.5 Deferred Tax Liability (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, 2014 | As at March 31, 2013 |
| Deferred Tax Liability | | |
| Excess of net block of fixed assets as per books of accounts over net block for tax purpose | 554.82 | 26.58 |
| Deferred Tax Asset | | |
| Carry forward business loss and unabsorbed depreciation | (51.86) | (216.90) |
| Net | 502.96 | (190.32) |
| Deferred Tax Charge for the year | * (693.27) | 1.69 |

* Out of the current charge, ₹ 524.70 Lacs pertains to revision of earlier years.

Notes to the financial statements as at March 31, 2014 (Continued)

NOTE NO. 1.6 Short-Term Borrowings

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| SECURED | | |
| Loans repayable on demand | | |
| From Banks (Secured By Hypothecation of Inventories & Receivables) | – | 609.45 |
| UNSECURED | | |
| Loans repayable on demand | | |
| From Banks | 2,164.54 | 403.87 |
| | 2,164.54 | 1,013.32 |

Sub-notes:

Secured

During the year the Company has closed the working capital facilities from the consortium of bankers.

Unsecured

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.

NOTE NO. 1.7 Trade Payables

| Particulars | ₹ In Lacs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Trade Payables: | | |
| Due to Micro and Small Enterprises | – | – |
| Other than Micro and Small Enterprises | 1,040.40 | 1,086.91 |
| Others: | | |
| Payable for Capital Projects | 58.84 | 43.59 |
| Payable for Expenses | 152.50 | 189.79 |
| Total | 1,251.74 | 1,320.29 |

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. 1.8 Other Current Liabilities

| Particulars | ₹ In Lacs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Current maturities of Interest free sales tax loan | 20.03 | 12.10 |
| Current Maturities of Loans from others | 1,200.00 | 1,500.00 |
| Others - Statutory Dues | 10.14 | 7.02 |
| Others - Advance from Customers | 12.43 | – |
| Total | 1,242.60 | 1,519.12 |

Sunshield Chemicals Limited

Notes to the financial statements as at March 31, 2014 (Continued)

NOTE NO. 1.9

Short-Term Provisions

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Provision for employee benefits: | | |
| Salary and Reimbursement | 0.35 | 23.46 |
| Leave encashment | 14.55 | 10.62 |
| Others: | | |
| Provison for taxation (MAT) | 153.50 | 38.50 |
| Provision for Excise Duty on Finished Goods | 56.77 | 40.22 |
| Provision for Expenses | 280.34 | 127.20 |
| Total | 505.51 | 240.00 |

Sub-notes:

In view of accumulated depreciation, no liability for income tax arises except for MAT liability. Accordingly the Company has provided Rs. 115 Lacs towards MAT liability on book profits for the year ended 31st March, 2014 under the Income Tax Act, 1961 (P.Y. ₹ 20.50 Lacs).

NOTE NO. 1.10

Fixed Assets:

| DESCRIPTION | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|------------------------|---------------------------|--------------|-----------------|----------------------------|---------------------------|------------------------------|-----------------|----------------------------|----------------------------|----------------------------|
| | As at April 1, 2013 | Additions | Disposals | As at March 31, 2014 | As at April 1, 2013 | Depreciation for the year | Deductions | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| Tangible Assets | | | | | | | | | | |
| Land - Owned | 9.19 | – | – | 9.19 | – | – | – | – | 9.19 | 9.19 |
| Building - (Factory) | 346.76 | – | – | 346.76 | 129.19 | 12.58 | – | 141.77 | 204.99 | 217.57 |
| Building - (Others) | 136.26 | – | – | 136.26 | 18.10 | 1.73 | – | 19.83 | 116.43 | 118.16 |
| Plant & Machinery | 4,696.51 | 28.03 | (243.30) | 4,481.24 | 1,565.17 | 198.34 | (209.19) | 1,554.32 | 2,926.92 | 3,131.34 |
| Office Equipment | 13.33 | – | (11.84) | 1.49 | 11.02 | 0.07 | (11.02) | 0.07 | 1.42 | 2.31 |
| Computers | 15.90 | 48.04 | – | 63.94 | 15.90 | 7.21 | – | 23.11 | 40.83 | – |
| Furniture & Fixtures | 76.00 | 0.27 | – | 76.27 | 74.35 | 1.69 | – | 76.04 | 0.23 | 1.65 |
| Vehicles | 7.89 | – | (2.24) | 5.65 | 1.05 | 0.54 | (0.99) | 0.60 | 5.05 | 6.84 |
| Others | | | | | | | | | | |
| – R & D Centre | 119.48 | 0.39 | (4.90) | 114.97 | 55.39 | 7.97 | (2.24) | 61.12 | 53.85 | 64.09 |
| Total | 5,421.32 | 76.73 | (262.28) | 5,235.77 | 1,870.17 | 230.13 | (223.45) | 1,876.86 | 3,358.91 | 3,551.15 |
| Previous Year | 5,274.22 | 96.59 | 50.52 | 5,421.33 | 1,627.12 | 248.17 | 5.12 | 1,870.17 | 3,551.15 | 3,647.13 |

Sub-notes:

The aggregate depreciation for the year of ₹ 230.13 Lacs is net of reversal of excess depreciation of ₹ 35.58 lacs charged in earlier years under the straight line method.

Notes to the financial statements as at March 31, 2014 (Continued)

NOTE NO. 1.11

Non-Current Investments

| Particulars | ₹ In Lacs | |
|--------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Other Investments | | |
| (a) Investment in Properties | 427.50 | 427.50 |
| (b) Investment in Equity instruments | 0.25 | 0.25 |
| Total | 427.75 | 427.75 |

Additional Disclosures of Investments in Equity Instruments

| Particulars | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------------|-------------------------|
| Name of the Body Corporate | Saraswat Bank | Saraswat Bank |
| Nature of Instruments | Equity | Equity |
| Subsidiary / Associate / JV / Controlled Entity / Others | Others | Others |
| No. of Shares / Units | 2500 | 2500 |
| Quoted / Unquoted | Unquoted | Unquoted |
| Partly Paid / Fully Paid | Fully Paid | Fully Paid |
| Extent of Holding (%) | Minimal | Minimal |
| Amount (Rs. In Lacs) | 0.25 | 0.25 |
| Whether stated at cost | Yes | Yes |

NOTE NO. 1.12

Long-Term Loans And Advances

| Particulars | ₹ In Lacs | |
|-----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Unsecured, considered good | | |
| Capital Advances | 99.34 | – |
| MAT Credit Entitlement | 229.00 | – |
| Total | 328.34 | – |

The Company has first time recognized MAT Credit entitlement in the accounts which includes earlier years as well.

Sunshield Chemicals Limited

Notes to the financial statements as at March 31, 2014 (Continued)

NOTE NO. 1.13

Inventories

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| (Valued at lower of cost or net realizable value) | | |
| (a) Raw Materials | 426.29 | 331.85 |
| Goods-in transit | – | 213.02 |
| (b) Packing Materials | 42.72 | 22.00 |
| (c) Work-in-progress | 196.14 | 142.94 |
| (d) Finished goods | 599.47 | 365.58 |
| (e) Stores and spares | 92.86 | 35.23 |
| (f) Oil & Fuel | 22.16 | 28.35 |
| (g) Others | – | 1.46 |
| Total | 1,379.64 | 1,140.43 |

Sub-notes:

The estimated amount of Excise Duty and Education Cess liability on finished goods lying at the factory as on 31st March, 2014 is estimated at ₹ 56.77 Lacs (Previous year ₹ 40.22 Lacs) and included in the valuation of Finished Goods inventory.

NOTE NO. 1.14

Trade Receivables

| Particulars | ₹ In Lacs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Receivables outstanding for a period exceeding six months from the date they become due for payment | | |
| Unsecured, considered good | 9.32 | – |
| Considered Doubtful | – | – |
| Less: Provision for doubtful receivables | – | – |
| | 9.32 | – |
| Other Receivables | | |
| Unsecured, considered good | 3,279.21 | 2,188.13 |
| | 3,288.53 | 2,188.13 |

NOTE NO. 1.15

Cash And Bank Balances

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Cash and Cash Equivalents | | |
| (a) Balances with banks | 1.13 | 0.52 |
| (b) Cash on hand | 0.38 | 0.28 |
| Other Bank Balances | | |
| Deposit Accounts with Banks* | 271.00 | 50.90 |
| Total | 272.51 | 51.70 |
| * Includes margin money or security against borrowings, guarantees, other commitments | – | 14.77 |

Notes to the financial statements as at March 31, 2014 (Continued)

Note No. 1.16

Short-Term Loans And Advances

| Particulars | ₹ In Lacs | |
|--------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Advance Income Tax | 181.34 | 136.29 |
| Balance with Government Authorities: | | |
| Cenvat Credit Receivable | 234.05 | 76.36 |
| Service Tax Credit Receivable | 20.84 | 40.05 |
| Vat Credit Receivable | 124.47 | 104.43 |
| Others | 76.59 | 105.12 |
| Total | 455.95 | 325.96 |
| | 637.29 | 462.25 |

NOTE NO. 1.17

Other Current Assets

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Gratuity Receivable from LIC | - | 2.41 |
| Export Incentive Receivable | 62.95 | 84.01 |
| Interest accrued on Fixed Deposits with banks | 1.87 | 1.98 |
| Total | 64.82 | 88.40 |

NOTE NO. 1.18

Revenue From Operations

| Particulars | ₹ In Lacs | |
|---------------------------------|---|---|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Sale of Products (Gross) | 13,914.09 | 11,017.78 |
| Less: Excise Duty | (691.77) | (654.56) |
| | 13,222.32 | 10,363.22 |
| Sale of Services | 111.27 | 151.28 |
| | 13,333.59 | 10,514.50 |
| Other Operating Revenues | 55.98 | 15.58 |
| | 13,389.57 | 10,530.08 |

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.1.21. The same has no impact on profits of the Company.

Sunshield Chemicals Limited

Notes to the financial statements for the year ended March 31, 2014 (Continued)

NOTE NO. 1.19

Other Income

| Particulars | ₹ In Lacs | |
|---|--------------------------------------|--------------------------------------|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Interest Income | 13.28 | 4.63 |
| Dividend Income | 0.03 | 0.05 |
| Net profit on Foreign Currency transactions and translation | 64.61 | 15.40 |
| Total | 77.92 | 20.08 |

NOTE NO. 1.20

Cost Of Materials Consumed

| Particulars | ₹ In Lacs | |
|----------------------|--------------------------------------|--------------------------------------|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Opening Stock: | | |
| (a) Raw Material | 544.87 | 537.54 |
| (b) Packing Material | 22.00 | 26.14 |
| | A | 566.87 |
| Add: Purchases: | | |
| (a) Raw Material | 9,429.48 | 7,414.79 |
| (b) Packing Material | 354.07 | 233.37 |
| | B | 9,783.55 |
| Less: Closing Stock: | | |
| (a) Raw Material | 426.29 | 544.87 |
| (b) Packing Material | 42.72 | 22.00 |
| | C | 469.01 |
| Total | A+B-C | 7,644.97 |

NOTE NO. 1.21

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

| Particulars | ₹ In Lacs | |
|---------------------------------------|--------------------------------------|--------------------------------------|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Opening Inventory | | |
| (a) Finished Goods | 365.58 | 205.75 |
| (b) Work-In-Progress | 142.94 | 199.51 |
| | 508.52 | 405.26 |
| Closing Inventory | | |
| (a) Finished Goods | 599.47 | 365.58 |
| (b) Work-in-Progress | 196.14 | 142.94 |
| Increase/(Decrease) in Excise Duty on | 795.61 | 508.52 |
| Closing Stock of Finished Goods | 16.55 | 17.58 |
| Total | (270.54) | (85.68) |

Notes to the financial statements for the year ended March 31, 2014 (Continued)

NOTE NO. 1.22
Employee Benefits Expenses

| Particulars | ₹ In Lacs | |
|--------------------------------------|-----------------------------------|-----------------------------------|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Salaries and incentives | 425.09 | 390.55 |
| Contributions to - Provident fund | 13.03 | 11.50 |
| Superannuation scheme | 6.07 | 6.54 |
| Deposit Linked Insurance Fund | 0.51 | 0.89 |
| Gratuity fund contributions | 16.23 | 26.75 |
| Labour Welfare Fund | 0.02 | 0.02 |
| Staff welfare expenses | 37.63 | 32.11 |
| Total | 498.58 | 468.36 |

NOTE NO. 1.23
Finance Costs

| Particulars | ₹ In Lacs | |
|---|-----------------------------------|-----------------------------------|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Interest expense | 317.47 | 471.18 |
| Other borrowing costs | 48.92 | 43.46 |
| Net profit on Foreign Currency transactions and translation | 82.20 | (4.88) |
| Total | 448.59 | 509.76 |

NOTE NO. 1.24
Other Expenses

| Particulars | ₹ In Lacs | |
|---------------------------------------|-----------------------------------|-----------------------------------|
| | For the Year Ended March 31, 2014 | For the Year Ended March 31, 2013 |
| Consumption of stores and spare parts | 108.09 | 182.76 |
| Power and Fuel | 611.45 | 474.52 |
| Rent | 46.97 | 30.75 |
| Repairs to machinery | 31.23 | 57.22 |
| Insurance | 26.26 | 9.41 |
| Rates and Taxes | 4.15 | 5.33 |
| Legal and Professional Charges | 71.84 | 55.58 |
| Software and EDP Related Expenses | 107.60 | 1.91 |
| Payment to Statutory Auditors: | | |
| (a) As Auditor | 3.00 | 3.00 |
| (b) Other Services | 1.50 | 1.50 |
| (c) Out of pocket Expenses | 0.05 | 0.05 |
| | 4.55 | 4.55 |
| Labour Charges | 274.79 | 226.44 |
| Effluent Treatment Charges | 177.79 | 76.69 |
| Freight Outwards | 84.11 | 70.15 |
| Commission on Sales | 14.41 | 66.50 |
| Loss on Fixed Assets written off/sold | 38.83 | 1.90 |
| Export Related Expenses | 240.91 | 203.34 |
| Miscellaneous Expenses | 297.53 | 194.49 |
| Total | 2,140.51 | 1,661.54 |

Accompanying notes to the financial statements for the year ended March 31, 2014

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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), to comply with the applicable mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), Revised Schedule VI and the relevant provisions of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs). The financial statements have been prepared on accrual basis under the historical cost convention.

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 Lacs 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, 2014

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, 2014

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, 2014

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/attributable 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, 2014

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, 2014 | As at March 31, 2013 |
| Indemnity/Counter Guarantees issued for Bank Guarantee and Letter of Credit issued | 155.27 | 279.47 |
| TOTAL | 155.27 | 279.47 |

(b) Other money for which the Company is contingently liable:

| | | |
|--|----------------|---------------|
| Demand notices issued by Income Tax Dept. for which the Company has preferred appeal | 128.16* | 125.67 |
| Demand notices issued by Sales Tax Dept. for which the Company has preferred appeal | 1283.86 | — |
| TOTAL | 1412.02 | 125.67 |

* Out of the above, Company has already deposited ₹ 97.85 lacs with the income 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 ₹ 337.03 Lacs (Previous Year: ₹ 47.99 Lacs).

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

| Particulars | ₹ In Lacs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| (a) Value of Imports on C.I.F Basis: | | |
| Raw Materials | 2970.27 | 2823.80 |
| TOTAL | 2970.27 | 2823.80 |

(b) **Expenditure in foreign currency (on accrual basis):**

| | | |
|---------------------------------|---------|---------|
| Raw Material | 2970.27 | 2823.80 |
| Traveling and Related Expenses | 1.86 | 1.57 |
| Computer Maintenance & Software | 101.44 | NIL |
| Legal & Professional Charges | 0.08 | NIL |
| Commission | 9.61 | 6.90 |
| IT Material | 3.90 | NIL |

(c) **Consumption of raw materials:**

| Particulars | Year Ended March 31, 2014 | | Year Ended March 31, 2013 | |
|--------------|---------------------------|------------|---------------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Imported | 3383.54 | 34 | 2992.16 | 39 |
| Indigenous | 6497.87 | 66 | 4652.81 | 61 |
| TOTAL | 9881.41 | 100 | 7644.97 | 100 |

(d) **Consumption of components and spare parts:**

| Particulars | Year Ended March 31, 2014 | | Year Ended March 31, 2013 | |
|--------------|---------------------------|------------|---------------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Imported | NIL | NIL | NIL | NIL |
| Indigenous | 108.09 | 100 | 182.76 | 100 |
| TOTAL | 108.09 | 100 | 182.76 | 100 |

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE NO. 3 :

Other Notes (Contd.)

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

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|-----------------------|------------------------------|------------------------------|
| Particulars | | |
| Export on F.O.B basis | 7785.56 | 6060.36 |
| TOTAL | 7785.56 | 6060.36 |

₹ In Lacs

(f) **Segment Information:**

(i) Primary business segment:

The Company is engaged in manufacturing of speciality chemicals. As the Company is engaged only in one business segment, the Balance Sheet and the Statement of Profit and Loss Account for the year pertains to one business segment.

(ii) Secondary geographical segment:

| | Year Ended March 31, 2014 | | |
|---|---------------------------|----------------|------------------|
| | India | Outside India | Total |
| Revenue by Geographical Market | 5406 (4168) | 7928 (6346) | 13334 (10514) |
| Carrying amount of segment assets (Gross) | 1602 (880) | 1687 (1308) | 3289 (2188) |
| Capital Expenditure | 77 (97) | - | 77 (97) |

Note:

- (a) Revenue is segregated into two segments namely India (sales to customers within India) and other countries (sales to customers outside India) on the basis of geographical segments.
- (b) Figures in the brackets are of the previous year.

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:**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|-------------------------|------------------------------|------------------------------|
| Raw Materials | | |
| Basic Organic Chemicals | 8079.78 | 6435.37 |
| TOTAL | 8079.78 | 6435.37 |

₹ in Lacs.

(b) **Particulars of Work-in-progress:**

| | As at March 31, 2014 | As at March 31, 2013 |
|-------------------------|-------------------------|-------------------------|
| Work-in-progress | M.T. | M.T. |
| Basic Organic Chemicals | 125.41 | 121.41 |
| TOTAL | 125.41 | 121.41 |

(c) **Particulars of sales and inventory position:**

| | Year Ended March 31, 2014 | | |
|-------------------------|---------------------------|--------------------------------|--------------------------------|
| | Sales (₹ In Lacs) | Closing Inventory (M.T.) | Opening Inventory (M.T.) |
| Basic Organic Chemicals | 13389.56 | 334.76 | 289.53 |
| (Previous Year) | (10530.08) | (289.53) | (162.80) |
| TOTAL | 13389.56 | 334.76 | 289.53 |
| (Previous Year) | (10530.08) | (289.53) | (162.80) |

* Previous year figures are in brackets

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE NO. 3 :

Other Notes (Contd.)

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 ₹ 19.50 lacs (PY ₹ 18.46 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 ₹ 16.23 lacs (PY: ₹ 26.75 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 ₹ 12.38 lacs (PY: ₹ 7.87 lacs) towards leave salary.

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

(i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

₹ In Lacs

| Particulars | Gratuity (Funded) | |
|--|-------------------|----------|
| | 31.03.14 | 31.03.13 |
| Present value of obligation as at the beginning of the year: | 76.57 | 53.87 |
| Interest cost | 5.88 | 4.65 |
| Current service cost | 4.65 | 4.31 |
| Benefits paid | (3.80) | (5.22) |
| Actuarial gain/loss on obligation | 11.73 | 18.96 |
| Closing Present value of obligation | 95.03 | 76.57 |

(ii) Actuarial gain/loss recognized in the Statement of Profit and Loss:

| Particulars | Gratuity (Funded) | |
|--|-------------------|----------|
| | 31.03.14 | 31.03.13 |
| Actuarial gain/(loss) for the year obligation | (11.73) | (18.96) |
| Total gain/(loss) for the year | Nil | Nil |
| Actuarial gain/(loss) recognized during the year | (11.73) | (18.96) |

(iii) The amounts recognized in the Balance Sheet are as follows:

| Particulars | Gratuity (Funded) | |
|---|-------------------|----------|
| | 31.03.14 | 31.03.13 |
| Present value of obligation as at the end of the year | 95.03 | 76.57 |
| Funded value of assets (unfunded) | (77.93) | (60.46) |
| Net assets/(liability) recognized in balance sheet | 17.10 | 16.11 |

(iv) The amounts recognized in the Statement of Profit and Loss are as follows:

| Particulars | Gratuity (Funded) | |
|--|-------------------|----------|
| | 31.03.14 | 31.03.13 |
| Current service cost | 4.65 | 4.31 |
| Past service cost | – | – |
| Interest cost | 5.88 | 4.65 |
| Expected return on plan assets | (5.24) | (4.87) |
| Net actuarial gain/(loss) recognized in the year | 10.65 | 18.99 |
| Expenses recognized in the statement of profit and loss* | 15.94 | 23.08 |

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE NO. 3 :

Other Notes (Contd.)

(v) Actuarial assumption:

| Particulars | Gratuity (Funded) | |
|----------------|-------------------|----------|
| | 31.03.14 | 31.03.13 |
| Salary Growth* | 8.00% | 7.00% |
| Discount Rate | 9.30% | 7.95% |

* 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.

2. Related Party disclosures

(a) List of related parties

| Name of the Party | Relationship |
|---|--------------------------|
| Mr. Shirang R. Belgaonkar, Wholetime Director | Key Management personnel |
| Solvay Specialties India Pvt. Ltd. Rhodia Specialty Chemicals India Ltd. Solvay Finance Ireland Solvay Asia Pacific Co. Ltd Solvay Specialty Chemicals Asia Pacific PTE Ltd Solvay (Zhenjiang) Chemicals Co. Ltd | Associates |

(b) Transactions with Related Parties:

₹ In Lacs

| Name of Party | Nature of Transaction | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--|-------------------------------------|------------------------------|------------------------------|
| Mr. Satish M. Kelkar | Professional Fees | 20.90 | 14.83 |
| Mrs. Sonali S. Kelkar | Professional Fees | 2.40 | 4.80 |
| Mrs. Sonali S. Kelkar | Sale of Tenancy Rights | 0.22 | NIL |
| Mr. Shirang R. Belgaonkar | Managerial Remuneration | 28.98 | 28.86 |
| SBMS Manufacturing & Services LLP | Sale of Vehicles | NIL | 4.85 |
| Solvay Finance Ireland | External Commercial Borrowing (ECB) | 401.86 | NIL |
| Solvay Finance Ireland | Interest on ECB | 4.24 | NIL |
| Solvay Asia Pacific Co. Ltd. | Legal & Prof. Charges | 0.08 | NIL |
| Solvay (China) Co. Ltd. | Software Expenses | 38.83 | NIL |
| Solvay Specialty Chemicals Asia Pacific PTE Ltd. | IT material for CBS Project | 3.90 | NIL |
| Solvay Specialty Chemicals Asia Pacific PTE Ltd. | Software Expenses | 62.61 | NIL |
| Solvay (Zhenjiang) Chemicals Co. Ltd. | Sale of Goods | 3.08 | NIL |
| Solvay Specialties India Pvt. Ltd. | Intercompany Loan Received | 700.00 | 1500.00 |
| Solvay Specialties India Pvt. Ltd. | Intercompany Loan Repaid | 1000.00 | NIL |
| Solvay Specialties India Pvt. Ltd. | Interest on Intercompany loan | 93.04 | 26.85 |
| Rhodia Specialty Chemicals India Ltd. | Sale of Goods | 261.82 | 1.04 |
| Rhodia Specialty Chemicals India Ltd. | Purchase of Goods | 45.72 | 11.93 |
| Rhodia Specialty Chemicals India Ltd. | Expenses | 189.04 | 24.83 |

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE NO. 3 :

Other Notes (Contd.)

(c) Balance Outstanding of Related Parties:

₹ In Lacs

| Name of Party | Receivable/ Payable | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|------------------------|------------------------------|------------------------------|
| Mazda Colours Ltd. | Receivable | NIL | 11.03 |
| Rhodia Speciality Chemicals India Ltd. | Payable | 48.96 | 15.72 |
| Solvay Specialties India Pvt. Ltd. | Payable | 1200.00 | 1500.00 |
| Solvay Asia Pacific Co. Ltd. | Payable | 0.08 | NIL |
| Solvay Speciality Chemicals Asia Pacific PTE Ltd. | Payable | 66.51 | NIL |
| Solvay (China) Co. Ltd. | Payable | 38.83 | NIL |
| Solvay Finance Ireland | Payable | 401.86 | NIL |

(d) Unhedged foreign currency exposure

₹ In Lacs

| Purpose | Currency | As at March 31, 2014 | | As at March 31, 2013 | |
|-------------|-----------|-------------------------------|---------------------|-------------------------------|---------------------|
| | | Amount in foreign currency | Amount in Rupees | Amount in foreign currency | Amount in Rupees |
| Receivables | US Dollar | 19.59 | 1069.00 | 13.80 | 765.39 |
| Receivables | EURO | 8.73 | 60.69 | 7.61 | 542.37 |
| Payable | US Dollar | 14.65 | 843.16 | 8.77 | 480.58 |

3. 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.

4. 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.

5. 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

For and on behalf of the Board of Directors

Ashok Pandit & Co,
Chartered Accountants

Firm Registration No. 100674W

Suresh Talwar
Chairman

Yogesh Thar
Director

Shrirang Belgaonkar
Wholetime Director

Vikas S. Mhatre
Partner
Membership No. 034195

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

Mumbai, 23rd May, 2014

Mumbai, 23rd May, 2014



SUNSHIELD CHEMICALS LIMITED

Regd. Office: Phoneix House, 462, 4th Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013.

Corporate Identification No. (CIN): L99999MH1986PLC041612

Phone: 91-22-66637101, Fax: 91-22-24952834, E-mail: investor.sunshield@solvay.com, Website: www.solvayindia.in

ATTENDANCE SLIP

(To be presented at the entrance duly signed)

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021, at 10.30 a.m. on Wednesday, the 10th September, 2014.

SIGNATURE OF THE ATTENDING MEMBER / PROXY : _____

ELECTRONIC VOTING PARTICULARS

| Electronic Voting Event Number (EVEN) | User ID | Password |
|---------------------------------------|---------|----------|
| | | |

Note : Please refer to the instructions printed under the Notes to the Notice of the 27th Annual General Meeting. The voting period starts from 9-00 am on Thursday, the 4th September, 2014 and ends at 6-00 pm on Saturday, the 6th September, 2014. The voting portal shall be disabled by NSDL for voting thereafter.



SUNSHIELD CHEMICALS LIMITED

Regd. Office: Phoneix House, 462, 4th Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013.

Corporate Identification No. (CIN): L99999MH1986PLC041612

Phone: 91-22-66637101, Fax: 91-22-24952834, E-mail: investor.sunshield@solvay.com, Website: www.solvayindia.in

PROXY FORM

Name of the member(s) :

Registered address :

E-mail ID :

Folio No./Client ID : DP ID :

I/We being the member(s) of _____ Shares of Sunshield Chemicals Limited, hereby appoint:

- Name :
Address :
E-mail ID :
Signature :

or failing him
- Name :
Address :
E-mail ID :
Signature :

or failing him
- Name :
Address :
E-mail ID :
Signature :

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held on Wednesday, the 10th September, 2014, at 10.30 a.m. at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021, and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

- Adoption of financial statement for the year ended 31st March, 2014, together with Auditors' Report and Directors' Report
- Reappointment of Mr. Ian Brown as Director, who retires by rotation
- Reappointment of Mr. Pierre-Franck Valentin as Director, who retires by rotation

Special Business:

- Appointment of Auditors
- Appointment of Mr. Suresh Talwar as an independent director of the company
- Appointment of Mr. Yogesh Thar as an independent director of the company
- Appointment of Mr. Sanjeev Mukerjee as an independent director of the company
- Approval of remuneration of cost auditors
- Adoption of Articles of Association
- Re-appointment of Mr. Shrirang Belgaonkar as Wholtime Director
- Delegation of borrowing powers to the Board under Section 180(1) (c) of the Companies Act, 2013

Affix Rupee
One
Revenue
Stamp

Signed this..... day of, 2014

Signature of the shareholder :

Signature of Proxy holder(s) :

- Notes:**
- This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Phoneix House, 462, 4th Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013, not less than 48 hours before the commencement of the Meeting.
 - For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 27th Annual General Meeting.

