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Sunshield Chemicals Limited

**31st ANNUAL REPORT
2017 - 18**

DIRECTORS

| | |
|--------------------|--|
| R L Shenoy | Chairman |
| Manoj Khullar | Managing Director |
| Ajit Shah | |
| Aruna Soman | |
| Boon Tong Koh | (w.e.f 28 th May 2018) |
| YockJeng Goh | (w.e.f 28 th May 2018) (Alt. Guo Lin) |
| Chidananda Bhagwat | (upto 23 rd July 2018) |
| Ian Brown | |
| Satish Kelkar | |
| Srivatsa M K | (w.e.f 19 th July 2018) |

AUDIT COMMITTEE

| | |
|---------------|----------|
| Ajit Shah | Chairman |
| Aruna Soman | |
| R L Shenoy | |
| Manoj Khullar | |
| Satish Kelkar | |

COMPANY SECRETARY

Amit Kumashi

CHIEF FINANCIAL OFFICER

Rajeev Gupte

AUDITORS

M/s. Deloitte Haskins & Sells LLP

BANKERS

Kotak Mahindra Bank Ltd.

BNP Paribas

State Bank of India

Citi Bank N.A.

REGISTERED OFFICEPhoenix House, "A" Wing 4th Floor

462, Senapati Bapat Marg

Lower Parel (West)

Mumbai 400 013

Tel.No.91-22-66547417

REGISTRARS & SHARE TRANSFER AGENTS

TSR Darashaw 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 INDENTITY NUMBER

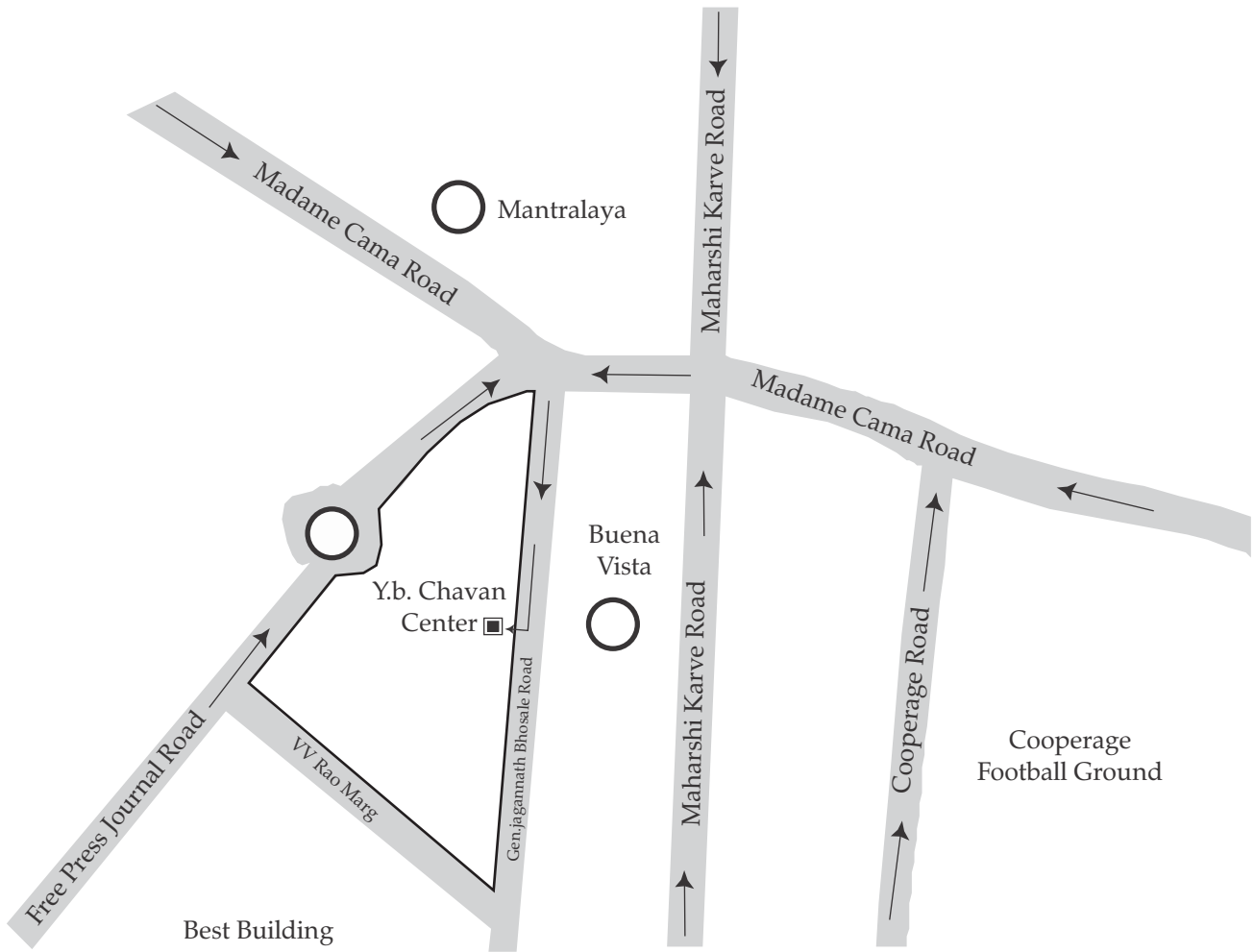
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Route Map to the venue of the AGM

Convention Hall,
Y. B. Chavan Centre,
Gen. JagannathBhosale Marg,
Nariman Point,
Mumbai 400 021



NOTICE

NOTICE is hereby given that the 31st Annual General Meeting (“AGM”) of the Members of **Sunshield Chemicals Limited** will be held on **Tuesday, 25th September 2018** at 11.00 am 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 statements of the Company for the financial year ended 31st March 2018, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ian Brown (DIN-02427816), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

“**RESOLVED THAT** Mr. Boon Tong Koh (DIN: 08066070), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the Articles of Association of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** Mr. Yock Jeng Goh (DIN: 08084934), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, be and is here by

appointed as a Director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, remuneration payable of Rs. 2,30,000/- (Rupees Two Lakhs Thirty Thousand only) plus applicable tax and reimbursement of out-of-pocket expenses, as approved by the Board to conduct the audit of cost records of the Company for the financial year ending 31st March, 2019, to M/s Kishore Bhatia & Associates, Cost Accountants (Firm Registration No.00294), the Cost Auditors be and is hereby ratified;

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.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203, and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (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, Mr. Manoj Khullar, who is already a Managing Director of Rhodia Specialty Chemicals India Private Limited, be and is hereby reappointed as Managing Director of the Company for a period of three years with effect from 1st July 2018 on a remuneration of Rs. 1000/- (Rupees One Thousand Only) per month from the Company;

RESOLVED FURTHER THAT Mr. Manoj Khullar shall not retire by rotation;

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Manoj Khullar, the remuneration by way of salary, bonus and other allowances not exceeding the limits specified under Section II, Part II of Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) aforesaid of Rs. 1000/- as minimum remuneration subject to the compliance of the conditions specified under Section II, Part II of Schedule V to the Companies Act, 2013;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

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

"**RESOLVED THAT** Mr. Srivatsa M K, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 161, 196, 197, 203, and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, Mr. Srivatsa M K (DIN-08178041) be and is hereby appointed as Director of the Company for a period of three years with effect from 19th July 2018 on following terms and conditions

- i) Basic Salary: Rs. 53,469/- (Rupees Fifty Three Thousand Four Hundred Sixty Nine only) p.m.
- ii) House Rent Allowance: Rs. 53,469/- (Rupees Fifty Three Thousand Four Hundred Sixty Nine only) p.m.

- iii) Education Allowance: Rs.200/- (Rupees Two Hundred only) p.m.
- iv) Leave Travel Allowance: As per the Company's policy. Rs. 53,469/- (Rupees Fifty Three Thousand Four Hundred Sixty Nine only) p.a.
- v) Supplementary Allowance: Rs. 58,191/- (Rupees Fifty Eight Thousand One Hundred Ninety One only) p.m.
- vi) Variable Remuneration: subject to a limit of Rs. 3,46,358/- (Rupees Three Lakhs Forty Six Thousand Three Hundred Fifty Eight only) p.a as may be decided by the Board from time to time.
- vii) Petrol and Maintenance Reimbursement: Company will reimburse Petrol and Maintenance of Rs.1,35,000/- (Rupees One Lac Thirty Five Thousand only) p.a
- viii) All the contributions to the statutory dues like Provident Fund Contribution, and Gratuity, would be adjusted accordingly.

The remuneration shall be revised / increased by the Board of Directors during the currency of the period of appointment subject to an overall limit of Rs.84,00,000/- (Rupees Eighty Four Lacs only) per annum.

RESOLVED FURTHER THAT Mr. Srivatsa M K shall not retire by rotation;

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Srivatsa M K, the remuneration by way of salary, bonus and other allowances not exceeding the limits specified under Section II, Part II of Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby

authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

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

“**RESOLVED THAT** in supersession of all the earlier Resolutions passed in this regard, consent of the Company be and is hereby accorded, pursuant to Sections 179, 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), and the Companies (Meetings of Board and its Powers) Rules, 2014 and other Rules, Regulations, Notifications and Circulars issued including any statutory modification or re-enactment thereof for the time being in force, to the Board of Directors of the Company (hereinafter referred to as 'the Board') which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this Resolution) for borrowing from time to time, any sum or sums of money for the purposes of the Company, upon such terms and conditions and with or without security, as the Board may in its discretion think fit, notwithstanding that the money or monies to be so borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the sums already borrowed, may exceed the aggregate of the paid-up share capital of the Company and its free reserves, being not set apart for any specific purposes, and security premium, provided however that the sums so borrowed and remaining outstanding on account of principal shall not, at any time, exceed Rs. 150 Crores (Rupees One Hundred and Fifty Crores Only);

RESOLVED FURTHER THAT the Board be and

is here by authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the Members of the Company.”

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

**Amit Kumashi
Company Secretary**

Mumbai, 19th July 2018

Phoenix House,
'A' Wing, 4th Floor,
462 Senapati Bapat Marg,
Lower Parel (West), Mumbai-400013

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/ HERSELF 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. Shareholders are requested to notify change of address, if any, and details of their bank account to the Registrar/ Depository Participants.
3. For the convenience of shareholders, attendance slip is annexed to the proxy form. Shareholders are requested to affix their signatures at the space provided 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.
4. Corporate members intending to send their authorized representatives to attend the Annual General Meeting (AGM) pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the Board Resolution together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the AGM.
5. As a measure of economy, copies of the annual report will not be distributed at the AGM. 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 dematerialised 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 AGM along with the Annual Report 2017-18 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. Members are entitled to receive the said Annual Report & Notice in physical form upon sending a request in writing to the Company's registered office and / or sending an email to investor.sunshield@solvay.com.
8. Members may also note that the Annual Report for 2017-18 will be available on the Company's website www.solvayindia.in
9. No resolution is proposed for ratification of the appointment of auditors by the Members in view of the notification dated 7th May, 2018 issued by the Ministry of Corporate affairs on the enforcement of amended Section 139 of the Companies Amendment Act, 2017.
10. The Company has been circulating the copy of its Annual Report and other shareholders' communication, if any, in electronic format to all those Members whose email address is available with the Company. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Registrar/Depositories.
11. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS 2) issued by the Institute of Company Secretaries of India, the Members are

provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all the resolutions set forth in this Notice. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper.

12. Mr. Alwyn D'Souza, Practicing Company Secretary (Membership No. FCS 5559) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
13. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
14. Members can opt for only one mode of voting, i.e., either remote e-voting or Ballot paper. In case members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through ballot paper shall be treated invalid.
5. Instructions for e-voting

In compliance with Regulation 44, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, and Section 108 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide e-voting facility to all its members, to enable them to cast their votes electronically. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members.

The instruction for e-voting are as under:

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

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

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the

first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password

c) How to retrieve your 'initial password'?

If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio

i) number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

b) A "Physical User Reset Password?" (for those holding shares in physical mode) option is also available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to terms and conditions by selecting on the check box.

8. Next, click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status

3. Select "EVEN" of company for which you wish to cast your vote

4. Now you are ready for e-Voting as the Voting page opens

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted

6. Upon confirmation, the message "Vote cast successfully" will be displayed

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for Shareholders:

i) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to surutinizer.sunshield@gmail.com with a copy marked to evoting@nsdl.co.in.

- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password
- iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
- iv. The e-voting period commences on 22nd September 2018 (9:00 am) and ends on 24th September 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th September 2018, 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, the member shall not be allowed to change it subsequently. A member will not be allowed to vote again on any resolution on which a vote has already been cast.
- v. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date of 18th September 2018.
- vi. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 18th September 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on

www.evoting.nsdl.com

16. The Chairman shall at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the AGM, would count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forth with.

The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.solvayindia.in and on the website of NSDL immediately after the result is declared. The Company shall forward the results to BSE Limited, where the shares of the Company were listed. The results shall also be displayed on the Notice Board at the registered office of the Company and at its Head Office for three days.

ANNEXURE TO NOTICE

Explanatory Statement under Section 102 of the Companies Act, 2013

Item No. 3

Mr. Boon Tong Koh was appointed by the Board of Directors as an Additional Director of the Company with effect from 28th May 2018 pursuant to Section 149 and 161 of the Companies Act, 2013 ("the Act") and rules made thereunder. Mr. Koh holds office of Director upto the date of the forthcoming AGM of the Company.

Mr. Koh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Mr. Koh has a Phd in Chemical Engineering/Bio Technology, Bachelor degree in Chemical Engineering. He has 27 years of experience in various fields' viz., Manufacturing, Management, and Strategic. He is currently Vice-President and General Manager of Novacare business for Asia Pacific region.

Mr. Koh does not hold any directorship in any other Indian Company.

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

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

Except Mr. Koh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3

Item No. 4

Mr. Yock Jeng Goh was appointed as an Additional Director of the Company with effect from 28th May 2018 pursuant to Section 149 and 161 of the Companies Act, 2013 ("the Act") and rules made thereunder. Mr. Goh holds office of Director upto the date of the forthcoming AGM of the Company.

Mr. Goh is not disqualified from being appointed as a

Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Mr. Goh has a Bachelor degree in Business Administration (BBA) from National University of Singapore. He has 15 years of experience in the field of Finance. He is currently Regional Finance Director of Novacare business for Asia Pacific region.

Mr. Goh does not hold any directorship in any other Indian Company.

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

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

Except Mr. Goh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4

Item No. 5

The Board of Directors of the Company on the recommendation of Audit Committee has appointed M/s. Kishore Bhatia & Associates, as Cost Auditors for auditing the cost accounts of the Company for the Financial Year 2018-19.

In accordance with the provision of Section 148 of Companies Act, 2013 ("the Act") 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 ratifying the amount of remuneration of Rs. 2,30,000/- (Rupees Two Lakhs Thirty Thousand only) plus applicable tax and reimbursement of out-of-pocket expenses at actuals payable to the Cost Auditors, for the year 2018-19 as set out at item no. 5 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.5.

The Board recommends the Ordinary Resolution set out at Item no. 5 of the Notice for approval of Shareholders.

Item No. 6

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee at its meeting held on 28th May 2018 has, in accordance with the provisions of Articles of Association of the Company and subject to the approval of the shareholders in the AGM and that of the Central Government, if required under the provisions of Companies Act, 2013 ("the Act"), sought to reappoint Mr. Manoj Khullar as Managing Director, for a period of 3 (Three) years, effective from 1st July 2018. The Company will enter into an agreement with Mr. Manoj Khullar.

Salient features of the agreement entered into with Mr. Manoj Khullar:

Powers: Mr. Khullar shall have the general control, management, supervision and profit and loss accountability of the business of the Company and shall exercise such powers as are vested in him or as may from time to time be assigned to him by the Board of Directors of the Company.

Involvement: Mr. Khullar shall devote his time and attention to the business of the Company and shall use his best endeavours to promote its interests and welfare. He shall not engage himself, indirectly, in any other business or employment during the tenure of this agreement.

Sitting Fees: Mr. Khullar will not be paid any sitting fees for meetings of the Board or of any Committee thereof attended by him.

Secrecy and Confidentiality: During the continuance of his service with the Company and 3 (three) years after termination of the service from any cause whatsoever, Mr. Khullar shall not either directly or indirectly disclose, divulge, authorize or permit the disclosure or delivery to anyone not properly entitled thereto, any trade secrets, know-how, any confidential information and other matters relating to the Company or its business.

Termination: Either party to this Agreement may terminate the same by giving to the other party not less

than 3 (three) months' previous notice in writing. The Company shall, in addition, have the right to terminate this Agreement at any time without being required to state reasons for such termination. The premature termination of this agreement shall not absolve Mr. Khullar of the obligations under the Secrecy and confidentiality Clause hereinabove which shall continue to be in force.

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

I. GENERAL INFORMATION:

- a Nature of Industry : Specialty Chemicals
- b. Date of Commencement of Commercial Production: 19th October 1987
- c. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- d. Financial performance based on given indicators

(Rs. In Lakhs)

| Particulars | Financial year 2015 - 16 | Financial year 2016 - 17 | Financial year 2017 - 18 |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total Income | 15,327 | 17,531 | 18,679 |
| Total Expenses | 15670 | 18324 | 18528 |
| Net Profit for the period | (84) | (670) | 125 |
| Basic EPS (Rs) | (1.15) | (9.07) | 1.64 |

- e. Export performance and net foreign exchange collaborations: Export performance in the financial year 2017-18 was Rs. 7,953 Lacs as compared to Rs. 8,182 Lakhs in 2016-17. Company does not have any foreign collaboration.
- f. 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

a. Background details:

Mr. Manoj Khullar is a B.E. (Chemical Engineering) and M.B.A. from Rotterdam School of Management. Mr. Khullar has a work experience over 20 years. He started his career by joining Lurgi AG as a Trainee Engineer. After two years he joined Nalco Chemical India (Nalco) in the capacity as Area Manager (Specialty Chemicals) – North & East India. After working with Nalco for four years, he joined Honeywell Specialty Materials as Business Manager (Fluorine Products) – South Asia. Before joining Solvay Group, he was working with Jubilant Life Sciences Limited as a Growth Unit Head (Nutritional Intermediates) for 7 years. He has vast experience in the areas of technical, manufacturing and marketing.

a. Past Remuneration: Rs. 1000/- (Rupees One Thousand Only) per month

b. Recognition or awards: None

c. Job Profile and his suitability:

The Board of Directors is of the opinion that Mr. Manoj Khullar's experience will be of immense use to the Company to achieve growth in future. He shall be responsible for the management of the affairs of the Company.

e. Remuneration proposed: Rs. 1000/- (Rupees One Thousand Only) per month.

f. Comparative remuneration, profile with respect to industry, size of the company, profile of the position and persons:

The Nomination and Remuneration Committee and the Board after taking into consideration provisions of Schedule V to the Act, has recommended payment of remuneration of Rs. 1000/- (Rupees One Thousand Only) per month, since Mr. Manoj Khullar is already drawing remuneration from Rhodia Specialty Chemicals India Private Limited as Managing Director on the

limits approved by the Shareholders of the Rhodia Specialty Chemicals India Private Limited.

g. Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Nil

III. OTHER INFORMATION

a. 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 as also finance costs.

b. 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.

c. 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.

Mr. Manoj Khullar is Managing Director of Rhodia Specialty Chemicals India Private Limited. Rhodia Specialty Chemicals India Private Limited has made an application with National Company Law Tribunal Mumbai for merger with Solvay Specialities India Private Limited.

In accordance with provisions of Section

196, 197, 203 and other applicable provisions of the Act and rules made there under, read with Schedule V of the Act, shareholders' approval is sought for appointment of Mr. Manoj Khullar as Managing Director.

The agreement entered between the Company and Mr. Manoj Khullar is available for inspection at the Registered Office of the Company during business hours on any working days upto the date of AGM.

Except Mr. Manoj Khullar, none of the Directors and Key Managerial Personnel and their relatives is interested in the resolution. The Board, therefore, recommends his appointment as a Director of the Company.

Item No. 7

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee at their meeting held on 19th July 2018 have, in accordance with the provisions of Articles of Association of the Company and subject to the approval of the shareholders in the AGM and that of the Central Government, if required under the provisions of Companies Act, 2013 ("the Act"), sought to appoint Mr. Srivatsa M K as Director, for a period of 3 (Three) years, effective from 19th July 2018. The Company has entered into an agreement with Mr. Srivatsa M K.

Salient features of the agreement entered into with Mr. Srivatsa M K:

Powers: Mr. Srivatsa shall have the general control, management, and supervision and shall exercise such powers as are vested in him or as may from time to time be assigned to him by the Board of Directors of the Company.

Whole-time Involvement: Mr. Srivatsa shall devote his whole time and attention to the business of the Company and shall use his best endeavours to promote its interests and welfare. He shall not engage himself, indirectly, in any other business or employment during the tenure of this agreement.

Sitting Fees: Mr. Srivatsa will not be paid any sitting fees for meetings of the Board or of any Committee thereof attended by him.

Secrecy and Confidentiality: During the continuance of his service with the Company and 3 (three) years after termination of the service from any cause whatsoever, Mr. Srivatsa shall not either directly or indirectly disclose, divulge, authorize or permit the disclosure or delivery to anyone not properly entitled thereto, any trade secrets, know-how, any confidential information and other matters relating to the Company or its business.

Termination: Either party to the Agreement may terminate the same by giving to the other party not less than 3 (three) months' previous notice in writing. The Company shall, in addition, have the right to terminate Agreement at any time without being required to state reasons for so doing on payment to Mr. Srivatsa 3 (three) months' salary in lieu of notice. The premature termination of this agreement shall not absolve Mr. Srivatsa M K of the obligations under the Secrecy and confidentiality clause which shall continue to be in force.

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

I. GENERAL INFORMATION:

- Nature of Industry : Specialty Chemicals
- Date of Commencement of Commercial Production : 19th October 1987
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- Financial performance based on given indicators

(Rs. In Lakhs)

| Particulars | Financial year 2015-16 | Financial year 2016-17 | Financial year 2017-18 |
|---------------------------|------------------------|------------------------|------------------------|
| Total Income | 15,327 | 17,531 | 18679 |
| Total Expenses | 15,670 | 18,324 | 18528 |
| Net Profit for the period | (84) | (670) | 125 |
| Basic EPS (Rs.) | (1.15) | (9.07) | 1.64 |

- e. Export performance and net foreign exchange collaborations: Export performance in the financial year 2017-18 was Rs. 7,953 Lacs as compared to Rs. 8,182 Lakhs in 2016-17. Company does not have any foreign collaboration.
- f. 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

a. Background details:

Mr. Srivatsa M K, is a B.E. (Chemical) from Bangalore University. He started his career by joining Sree Rayalaseema Alkalies & Allied Chemicals Ltd as a Shift In-Charge of caustic soda membrane cell plant. Thereafter he joined Nocil Limited. In Nocil he was employed in various positions as Senior Manager-Production and Senior Manager-Process Engineering technology.

He has more than 20 years of experience in Production Management, Plant Operations & Maintenance, Installation & Commissioning, PLC & DCS Operations, EHS Management and Resource Management in Chemical and Pharmaceutical Industry in both batch and continuous productions. Mr. Srivatsa is currently designated as Operations Manager for Rasal Site since May 2018. Mr. Srivatsa is not a shareholder and nor he is related to promoter.

- b. Past Remuneration: Nil
- c. Recognition or awards: None
- d. Job Profile and his suitability:

The Board of Directors is of the opinion that Mr. Srivatsa M K's experience will be of immense use to the Company to achieve growth in future. He shall be responsible for the management of the affairs of the Plant.

- e. Remuneration proposed: As mentioned in the Resolution.

- f. Comparative remuneration, profile with respect to industry, size of the company, profile of the position and persons:

The Nomination and Remuneration Committee and the Board after taking into account financial position, trend in the industry, his qualification and experience find the proposed remuneration to Mr. Srivatsa M K to be comparable to the remuneration profile with respect to Specialty Chemical Industry, size of our Company and the profile of the Director.

- g. Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Nil

III. OTHER INFORMATION

- a. 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 as also finance costs.
- b. 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.
- c. 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.

In accordance with provisions of Section 196, 197, and other applicable provisions of the Act and rules made thereunder, read with Schedule V

of the Act, shareholders' approval is sought for appointment of Mr. Srivatsa M K as Director.

The agreement entered between the Company and Mr. Srivatsa M K is available for inspection at the Registered Office of the Company during business hours on any working days upto the date of AGM.

Except Mr. Srivatsa M K, none of the Directors and Key Managerial Personnel and their relatives is interested in the resolution. The Board, therefore, recommends his appointment as a Director of the Company.

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

**Amit Kumashi
Company Secretary**

Mumbai, 19th July 2018
Phoenix House,
'A' Wing, 4th Floor,
462 Senapati Bapat Marg,
Lower Parel (West), Mumbai-400013

Item No. 8

The members of the Company at 26th Annual General Meeting held on 23rd August 2013 had given their consent to the Board of Directors of the Company to borrow money under erstwhile section 293(1)(d) of the Companies Act, 1956 upto a sum of Rs. 100 crores.

Considering the Company's future growth plans, both organic & inorganic, it is necessary to obtain the approval of the members for borrowing monies to raise the aggregate limit of borrowing from Rs. 100 crores to Rs.150 Crores.

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot borrow moneys, in excess of the paid up capital, its free reserves and securities premium, a part from the temporary loans obtained from the bankers in the ordinary course of business, except with the consent of the Company in General Meeting.

The Board of Directors recommends the resolution for the approval of the members as a Special Resolution.

None of the Directors or Key Managerial Personnel or their relatives is interested in the resolution, other than their Shareholding in the Company.

Profile of the Director being re-appointed / appointed at the AGM

| Name | Ian Brown | Boon Tong Koh | Yock Jeng Goh | Manoj Khullar | Srivatsa M K |
|---|--|--|---|---|---|
| Director Identification Number (DIN) | 02427816 | 08066070 | 08084934 | 06415392 | 08178041 |
| Age | 56 | 50 | 38 | 47 | 48 |
| Qualifications | Member of Chartered Institute of Management Accountants | Phd in Chemical Engineering/Bio Technology, Bachelor degree in Chemical Engineering | Bachelor degree in Business Administration (BBA) from National University of Singapore | B.E. (Chemical Engineering) and M.B.A. from Rotterdam School of Management | B.E. (Chemical) from Bangalore University |
| Career Graph i.e. experience in the existing industry | Experience of more than 34 years in a number of manufacturing companies within the finance family for 34 years, of which 27 years in Solvay. He has worked in different Companies and has wide experience in Finance | 27 years of experience in various fields' viz., Manufacturing, Management, and Strategic. He is currently Vice-President and General Manager of Novacare business for Asia Pacific region. | 15 years of experience in the field of Finance. He is currently Regional Finance Director of Novacare business for Asia Pacific region. | 20 years of experience in areas of technical, manufacturing and marketing. | 20 years of experience in Production Management, Plant Operations & Maintenance, Installation & Commissioning, PLC & DCS Operations, EHS Management and Resource Management in Chemical and Pharmaceutical Industry in both batch and continuous productions. |
| Date of first appointment on board | 27.12.2012 | 28.05.2018 | 28.05.2018 | 27.12.2012 | 19.07.2018 |
| Terms and conditions of appointment/re-appointment | Appointed as Non-Executive Director liable to retire by rotation | Appointed as Non-Executive Director liable to retire by rotation | Appointed as Non-Executive Director liable to retire by rotation | Refer Item No. 6 | Refer Item No. 7 |
| Details of other Directorships held in Indian Companies | Rhodia Specialty Chemicals India Private Limited | Nil | Nil | Rhodia Specialty Chemicals India Private Limited Hindustan Gum and Chemicals Limited | Nil |
| Details of committee Memberships held in other Indian Companies | Nil | Nil | Nil | Audit Committee and Nomination and Remuneration Committee | Nil |
| No. of shares held | Nil | Nil | Nil | Nil | Nil |
| Relationship between Directors inter se and other key managerial personnel of the company | Nil | Nil | Nil | Nil | Nil |
| Number of meeting attended during the year | 1 | Not Applicable | Not Applicable | 4 | Not Applicable |

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to submit their 31st Annual Report of the business operations together with the Audited financial statements of the Company for the year ended 31st March 2018:

1. OVERVIEW OF FINANCIAL RESULTS

(Rs. in Lakhs)

| | 2017-2018 | 2016-2017 |
|---|--------------|--------------|
| Sales | 18500 | 17482 |
| Other Operating Income | 26 | 27 |
| Revenue from Operations | 18526 | 17509 |
| Other Income | 153 | 22 |
| Total Income | 18679 | 17531 |
| Less : | | |
| Materials Consumed | 12585 | 11358 |
| Employees Remuneration & Benefits | 713 | 661 |
| Manufacturing, Administrative, Selling & Other Expenses | 3665 | 4775 |
| Total Expenses | 16963 | 16794 |
| Operating Profit (EBITDA) | 1716 | 737 |
| Less: Finance Cost | 969 | 932 |
| Profit / (Loss) Before Tax & Depreciation | 747 | (195) |
| Less: Depreciation | 596 | 598 |
| Net Profit/ (Loss) Before Tax | 151 | (793) |
| Less: Tax Expense | 31 | - |
| Current Tax Expense | - | (126) |
| Deferred Tax (Credit)/Charge | - | (126) |
| Net Profit/ (Loss) after Tax | 120 | (667) |
| Other Comprehensive Income | | |
| Add: Remeasurements of post employment benefit obligation | 5 | (4) |
| Income tax related to items that will not be reclassified to profit or loss | - | 1 |
| Total Comprehensive Income for the period | 125 | (670) |

2. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Beginning 1st April, 2017, the Company has, for the first time, adopted Indian Accounting Standard (Ind AS) with a transition date of 1st April, 2016. Accordingly, the financial statements have been prepared in compliance with Ind AS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with relevant rules made thereunder and other accounting pronouncements generally accepted

in India. Accordingly, the figures for the corresponding year ended 31st March, 2017 have also been presented after incorporating the applicable Ind AS adjustments.

3. DIVIDEND

In view of carried forward losses, the Board of Directors does not recommend any dividend for the year ended 31st March 2018.

4. SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2018 was Rs. 7.35 Crores. During the year under review, the Company has not issued new shares.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS : F.Y. 2017-2018

I. Industry Structure & Development :-

The Chemical Industry is a key enabler for other industries. As chemicals are consumed in varying proportion by every industry (rightly from electronics to paints, from pharmaceuticals to cosmetics), without chemicals sustainable development of other sectors is not possible.

The Chemical Industry is a crucial constituent of the growing Indian Economy, providing the key material for several industries. The Company is operating only in one Segment, namely 'Specialty Chemicals'. Specialty Chemicals are particular chemical products which provide a wide variety of effects on which many other industry sectors rely.

Specialty chemicals, which comprise of low volume, high value chemicals with specific applications, constitute a significant part of the Indian chemical industry and are targeted towards specific end-use applications.

Specialty chemicals are produced by a complex, interlinked industry. In the strictest sense, specialty chemicals are chemical products that are sold on the basis of their performance or function, rather than their composition. Products and services in the specialty chemicals industry require intensive knowledge and ongoing innovation.

The Company manufactures a wide range of specially formulated and customized products for various Industrial applications. Company's customers are well recognized and located not only in India but all over the World especially in America, Europe, and Far- East.

Our customers represent a wide range of Industries such as Wire Insulation Enamel, PVC stabilizers, Inks, Colours, Coatings, Textiles, Agro Chemicals, Polymers, Plastics, Rubber, Latex, Tyre and Tubes, Conveyor belts, Lubricants, Additives, Home care, Cosmetic, Soaps detergents, Fertilizers and many more.

Our customers are always seeking innovative products formulations for their current process needs, which are fulfilled by Company's Production Development, application knowledge & experience. Solvay Group which represents this worldwide, in specialty chemicals supports the Sunshield team.

Company's main products belong to:

- a. Specialty Surfactant applications, which are predominantly Ethylene Oxide (EO) based products. The technologies developed involve surfactants, Esters, Amides, and other complementary processes.
- b. Specialty Anti-Oxidants for Lubricants, Polymers, Rubber, Tyre & Latex and other Industries involving Aminic & Phenolic technologies and
- c. Other Non-EO technologies & customized blends for various applications.

II. Operating and Financial Performance of the Company

(Rs. in Lakhs)

| | F.Y. 2017-2018 | F.Y. 2016-2017 | Change over Previous Year |
|---|-------------------|-------------------|------------------------------|
| i) Exports | 7953 | 8182 | (3%) |
| ii) Domestic | 10547 | 9300 | 13% |
| iii) Other Operating Income | 26 | 27 | (4%) |
| Revenue from Operation (Excluding Excise Duty) | 18526 | 17509 | 6% |
| Other Income | 153 | 22 | 595% |
| Total Income | 18679 | 17531 | 7% |

| | F.Y. 2017-2018 | F.Y. 2016-2017 | Change over Previous Year |
|------------------------------------|-------------------|-------------------|------------------------------|
| Volume Sales (MT) | 13704 | 13323 | 3% |
| Sales Value (Rs.) | 18500 | 17482 | 6% |
| Average Production (Rs. per kg) | 135 | 131 | 3% |

During the year, Sales by Volume went up by 3%, whereas the sales in Value terms went up by 6%.

Export Sales went down by 3 % from Rs. 8,182 Lakhs to Rs. 7,953 Lakhs and domestic Sales went up by 13% from Rs. 9,300 Lakhs in 2016-17 to Rs. 10,547 Lakhs in 2017-2018.

Major change is in sales of Theic where volume has gone down but on a higher price realization. Sale of Ethoxylates, Propoxylates and Antioxidants products in terms of value and volume has gone up as compared to last year. The improvement is mainly due to change in product mix and increase in the demand of products.

Profits are mainly on account of improved margin on sales, positive forex fluctuations gains.

III. Outlook

The growth for specialty chemicals is driven by both domestic consumption and exports. Specialty chemicals finding applications across consumer, industrial and infrastructure segments are driven by the overall growth of the Indian economy. The segment has immense potential for growth, driven by growing end user industry. Technology & Innovation will play a major role in growth.

The Company's products continue to be well received by World's leading users of specialty chemicals for a diverse range of industrial applications. The Company has been recognized as a reputable and dependable supplier to many Indian and global consumers of specialty products developed in-house.

Company remains optimistic on its future outlook however, there is need to watch out for volatility of raw material prices, increased competition from abroad, ability of the Company to develop new business in new business segments.

IV. Risks and Concerns

The Present and future risks are reviewed by the management of the Company at regular intervals. Adequate risk management is a key success factor, to mitigate risks associated with the solutions we provide. Major risks identified by the business and functions are systematically addressed through by taking corrective actions on continuous basis. These are discussed at Audit Committee and Board of Directors Meetings.

Major Risk arises from main raw material viz., Ethylene Oxide (EO). EO is currently and consistently available from only one manufacturer in the country. Besides some of the major raw materials are hazardous and inflammable. The Company has ensured that Safety equipment's and infrastructure are in place as per statutes and global safety standards.

V. Internal Financials Controls and its adequacy

Internal Checks and Controls covering operations of the Company are in place and are constantly being improved upon. The Company had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company are for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

During the year, the internal auditors of the Company have reviewed the effectiveness and efficiency of these controls and procedures. As per the said assessment Board is of the view the Internal Financial Controls operate effectively and no material weaknesses exist.

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 number of the employees on the rolls as on 31st March 2018 is 95.

(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.)

6. BOARD OF DIRECTORS COMPOSITION

The composition of the Board of Directors of the Company is in complete conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act 2013. The composition of the Board represents an optimal mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business. None of the Directors of the Company is related inter-se. The details of the Board of Directors, as on date of this report are as under:

| Sr. no. | Name of Director | Category of Directorship |
|---------|----------------------------|---|
| 1 | R L Shenoy | Non-executive Chairman and Independent Director |
| 2 | Ajit Shah | Non-Executive Independent Director |
| 3 | Aruna Soman | Non-Executive Independent and Woman Director |
| 4 | Chidananda Bhagwat* | Executive Director |
| 5 | Manoj Khullar | Managing Director |
| 6 | Srivata M K ^ | Executive Director |
| 7 | Satish Kelkar | Non-Executive Director |
| 8 | Ian Brown | Non-Executive Director |
| 9 | Boon Tong Goh [#] | Non-Executive Director |
| 10 | Yock Jeng Koh [@] | Non-Executive Director |
| 11 | Guo Lin [!] | Alternate Director |

* Mr. Chidananda Bhagwat is Director upto 23rd July 2018.

^ Mr. Srivatsa M K was appointed as Director with effect from 19th July 2018

Mr. Boon Tong Goh was appointed as Director with effect from 28th May 2018.

@ Mr. YockJeng Koh was appointed as Director with effect from 28th May 2018.

! Mr. Guo Lin was appointed as Alternate Director to Mr. YockJeng Koh with effect from 28th May 2018.

7. BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business.

The Board met four times in the financial year 2017-18 i.e on 26th May 2017, 12th September 2017, 13th December 2017 and 13th February 2018.

8. BOARD COMMITTEES

There are currently six Committees of the Board, which are given below:

• **Audit Committee**

Audit Committee includes Five Directors viz., Mr. Ajit Shah (Chairman/Independent Director), Mrs. Aruna Soman (Independent Director), Mr. Ranjal Laxmana Shenoy (Independent Director), Mr. Manoj Khullar (Managing Director) and Mr. Satish Kelkar (Non-Executive Director).

The role includes amongst others, oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors; reviewing with the management quarterly results and annual financial statements before submission to the Board for approval; approval or any subsequent modification of any transactions of the Company with related

parties; review and monitor the auditor's independence and performance and effectiveness of audit process; scrutiny of inter corporate loans and investments, if any; evaluation of internal financial controls and risk management system; and reviewing the functioning of the whistle blower mechanism, reviewing the findings of any internal investigation involving suspected fraud or irregularity. The Audit Committee also reviews before submission to the Board for approval of financial statements, the Directors Responsibility statement, changes in accounting policies, if any, with reasons for the same, Management Discussions and Analysis on Company's operations.

Audit committee met 4 times on 26th May 2017, 12th September 2017, 13th December 2017 and 13th February 2018.

• **Nomination and Remuneration Committee**

The Board has constituted Nomination and Remuneration Committee which comprises of Independent Directors viz. Mr. Ranjal Laxmana Shenoy, Mr. Ajit Shah, and Mrs. Aruna Soman.

The role of the committee include the Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; and identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

• **Stakeholders' Relationship Committee**

Stakeholders Relationship Committee comprises of Mr. Ajit Shah (Independent Director) Mrs. Aruna Soman (Independent Director), and Mr. Manoj Khullar (Managing Director).

The Committee focuses primarily on monitoring and ensuring that all shareholder and investor services operate in an efficient manner and that shareholder and investor grievances / complaints including those of all other stakeholders are addressed promptly with the result that all issues are resolved rapidly and efficiently.

Corporate Social Responsibility (CSR) Committee

The Board has constituted Corporate Social Responsibility Committee comprising of Mr. Ajit Shah (Independent Director), Mr. Chidananda Bhagwat (Director) (till 19th July 2018) Mr. Srivata M.K. (from 20th July 2018) and Mr. Manoj Khullar (Managing Director).

The Committee focuses on formulation and Review of CSR policy indicating activities to be undertaken by the Company; recommendation of the amount of expenditure to be incurred on CSR activities and monitoring and implementing this policy from time to time.

During the year under review, the Company was not required to spend on CSR activities on account of the losses incurred by the Company in the three preceding financial years. However as a part of societal responsibility, the Company has spent on CSR activities during the year under review.

The CSR policy of the Company and Annual Report on CSR activities is annexed herewith as Annexure A.

- **Risk Management Committee**

The Board has constituted Risk Management Committee comprising of Mr. Manoj Khullar (Managing Director), Mr. Chidananda Bhagwat, (Director) (till 19th July 2018) Srivata M.K. (from 20th July 2018) and Mr. Shekhar Pattekar (Manager Factory).

The role of Risk Management Committee includes reviewing and approving the risk management policies of the Company; assessment and monitoring of all risks

associated with the operations of the Company and development and implementation of internal compliance and control systems and procedures to manage risk.

- **Committee for Issue of Duplicate Share Certificates**

The Board has constituted a Committee for the purpose of issuance of duplicate share certificates. The Committee comprises of viz Mr. Satish Kelkar (Non-executive director), Mr. Chidananda Bhagwat (Director) (till 19th July 2018) Mr. Srivata M.K. (from 20th July 2018) and Mr. Manoj Khullar (Managing Director).

9. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134 (3) (c) of the Companies Act, 2013, the Directors here by confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

10. SECRETARIAL STANDARDS

The Directors state that all applicable Secretarial Standards issued by the Institute of Company Secretaries of India relating to meetings of Board of Directors and General Meetings have been duly followed by the Company.

11. FRAUD REPORTING BY AUDITORS

As required under Section 134(3) (ca) of the Companies Act, 2013, there are no instances of Fraud being reported by the Auditors.

12. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provision of the Companies Act, 2013 Mr. Ian Brown, Director of the Company, retire by rotation and being eligible, offer himself, for re-appointment. The profiles of the Director seeking re-appointment form part of the Annexure to the Notice.

Mr. Arun Roy and Mr. Sanjeev Mukerjee resigned as Directors with effect from 31st May 2017. Ms. Sze Wee Ong and Ms. Valdirene Licht, resigned as Directors with effect from 9th January 2018 and 16th January 2018 respectively. Your Directors place on record their sincere appreciation of the valuable contribution made by them during their tenure as Directors of the Company.

The Board of Directors appointed Mr. Boon Tong Koh and Mr. YockJeng Goh as an Additional Director to hold office as Director of the Company with effect from 28th May 2018. Mr. Koh and Mr. Goh shall hold office as Director

upto the date of the forthcoming Annual general meeting of the Company.

During the year, Mr. Guo Lin ceased to be Alternate Director to Ms. Sze Wee Ong with effect from 9th January 2018. He was appointed as an Alternate Director to Mr. YockJeng Goh under the Companies Act, 2013 with effect 28th May 2018.

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee at their meeting held on 28th May 2018 and 19th July 2018 have, sought to reappoint Mr. Manoj Khullar as Managing Director, for a further period of 3 (Three) years, effective 1st July 2018 and appoint Mr. Srivatsa M K as an additional Director and also as Executive Director for a period of 3 (Three) years, effective 19th July 2018. The Board seeks members' approval for appointment of Mr. Manoj Khullar as Managing Director and Mr. Srivatsa M K as Executive Director of the Company.

Details of the proposal of Directors seeking appointment/reappointment are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 31st Annual General Meeting.

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

The Company has recognized pursuant to Sections 2 (51) and 203 of the Companies Act 2013, Mr. Manoj Khullar, Managing Director, Mr. Chidananda Bhagwat, Director, Mr. Srivatsa M K, Director, Mr. Rajeev Gupte, Chief Financial Officer and Mr. Amit Kumashi Company Secretary of the Company as Key Managerial Personnel of the Company.

14. ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual performance evaluation of its own performance, of the Directors individually, as well as the evaluation of the working of its Committees. The Independent Directors have evaluated the performance of the non-independent Directors and the Board as a whole. They also assessed the quality, quantity and flow of information between

Company's management and the Board which is essential for the Board to effectively and reasonably perform their duties.

Based on the evaluation, Company expects the Board and other Directors evaluated to continue to play a constructive and meaningful role in creating value for all the stakeholders in the ensuing years.

15. COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Company has in place Policy on Directors Appointment and Remuneration. The Policy has been published on the Company's website <https://www.solvayindia.in/en/solvay-in/Sunshield-Policies.html>.

Prior to the induction of the director on the Board, the Managing Director briefs the incoming director about the Company, its line of business, and the composition of the present board organization chart etc. The appointment letter issued to the independent directors also sets out detailed terms of employment including their roles, function, responsibilities and their fiduciary duties, code of conduct, performance evaluation process etc. as a director of the Company.

Independent directors have a right to access information and documents for enabling them to have a good understanding of the Company and its various operations.

16. RISK MANAGEMENT POLICY AND INTERNAL CONTROL ADEQUACY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit

observations and follow up actions thereon are reported to the Audit Committee.

17. VIGIL MECHANISM

The Company has established a vigil mechanism named as Whistle Blower Policy within the Company. The policy of such mechanism has been circulated to all employees within the Company, which provides a framework to the employees for guided & proper utilization of the mechanism. The Whistle Blower Policy has been placed on the Company's website <http://www.solvayindia.in/en/solvay-in/sunshield-chemical-limited>

18. SIGNIFICANT AND MATERIALS ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impacts the going concern status and Company's operations in future. There have been no instances of any personnel seeking access to the Audit Committee.

19. AUDITORS

Statutory Auditors

The Statutory Auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, continue to hold office for the remaining term of their appointment till 2019. In accordance with the Companies Amendment Act, 2017, Section 139 as amended was enforced from 7th May, 2018 by the Ministry of Corporate Affairs. As per the said amendment, appointment of auditors is not required to be ratified at every Annual General Meeting.

The necessary certificate section 139 of the Companies Act, 2013 inter alia indicating the fulfillment of the criteria provided under Section 141 of the Companies Act, 2013 has been issued by the Statutory Auditors.

Cost Auditors

Pursuant to Section 148 of the Companies Act,

2013 read with the Companies (Cost Records and Audit) Rules, 2014, on the recommendations of the Audit Committee, the Board the Company had appointed M/s. Kishore Bhatia & Associates, Cost Accountant as the Cost Auditor of the Company for the financial year 2017-18. The ratification of the fee payable to the Cost auditors is sought from the Members in the ensuing Annual General Meeting. The cost audit report will be filed within the period stipulated under the Act.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn D'Souza & Co., Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure B. The Report does not contain any qualification, reservation or adverse remark.

Internal Auditors

M/s. Nikhil Narkar & Associates, Chartered Accountants has been appointed as Internal Auditor of the Company.

20. COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by Deloitte Haskins & Sells LLP, Statutory Auditors, in their report and by Mr. Alwyn D'souza, Company Secretary in Practice, in his secretarial audit report.

21. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure C.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not provided any loans, Guarantees or made investments under Section 186 of the Companies Act, 2013

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

All Related Party Transaction (RPT) entered into by the Company during the year under review were in the ordinary course of business and on arms' length basis.

All RPT are placed before the Audit Committee for its review and approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are of repetitive nature. Pursuant to the provisions of the Listing Regulations 2015 as well as the Rule 6A of the Companies (Meetings of Board and its Power) Rules 2014, Audit Committee had granted omnibus approval for the proposed RTP to be entered into during the year under review. Since there are no material RTP and also all the transactions with related parties are at arms' length and are in ordinary course of business, no transactions need to be reported in AOC-2. Note No.38 in the note to accounts provide the details on the related party transactions.

24. FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year There are no deposits which are outstanding as on 31st March, 2018.

25. SUBSIDIARY, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary or associates or joint ventures as on the date of this report. Therefore separate section for report on the performance and financial position of Subsidiaries, Associates and Joint Venture Companies is not required.

26. TRANSFER OF SHARE TO IEPF DEMAT ACCOUNT

Since the Company has not declared the provision pertaining to transfer of shares on which dividend was unclaimed/unpaid for seven years to Investor Education and Protection Fund (IEPF) Authority is not applicable to the Company.

27. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Implementation of Voluntary Retirement Scheme

After end of Financial Year but before the date of Report, the Company has announced a Voluntary Retirement Scheme (VRS) for all its permanent Executives and Workers as per the scheme. The financial impact of VRS will be incorporated in financials of 2018-19.

28. EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed herewith as Annexure D.

29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, REDRESSAL) ACT 2013

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2013.

The internal committee is set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy. The following is the summary of sexual harassment complaints received and disposed off during the Financial Year 2017-18:

| Number of Complaints of sexual harassment received during the period April 2017 to March 2018 | Number of complaints disposed off during the period April 2017 to March 2018 | Nature of action taken by the employer |
|---|--|--|
| Nil | Not applicable | Not applicable |

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

As required by Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the

Companies (Accounts) Rules, 2014, relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is annexed herewith as Annexure E to this Report.

31. CORPORATE GOVERNANCE REPORT

Regulation 15 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to Corporate Governance report and certain regulations are not applicable to Sunshield Chemicals Limited ("Company"), since Company's paid-up Capital is less than Rs. 10 crores and net worth is less than Rs. 25 crores.

32. 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.

33. 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

**R L Shenoy
Chairman
DIN No. 0074761**

Mumbai, 19th July 2018
Phoenix House,
'A' Wing, 4th Floor,
462 Senapati Bapat Marg,
Lower Parel (West), Mumbai-400013

Annexure A to Directors' Report

Annual Report on Corporate Social Responsibility Activities

as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes: In view of the losses incurred in the preceding three years, the Company is not obligated to spend on the CSR issues provided under Section 135 read with the schedule VII of the Companies Act, 2013. However the Company has carried out the initiatives for the benefit of the community near to the place of its operation, in the fields of education and community development. Please see the table below.

The Company has framed the CSR Policy in compliance with the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014 and same is placed on the Company's website and web-link of same is <http://www.solvayindia.in/en/binaries/CSR%20Policy-222342.pdf>

2. The Composition of the CSR Committee:

Mr. Ajit Shah, Mr. Manoj Khullar and Mr. Chidananda Bhagwat

3. Average net profit of the Company for last three financial years:

As indicated in 1 above, the Company has incurred losses in the preceding three financial years.

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above):

Not Applicable

5. Details of CSR spend during the financial year:

- a) Total amount to be spent for the financial year: Not Applicable However, the Company has voluntarily spent a sum of Rs. 1.04 lakhs as per the details given below:
- b) Amount unspent, if any: Not Applicable
- c) Manner in which the amount spent during the financial year

| Sr. No. | Csr project Or activity Identified | Sector in Which the Project is Covered | Projects or programmes (1) Local Area or o t h e r (2) Specify the state or district where projects or programmes were undertaken | Amount outlay (Budget) projects or programmes wise | Amount spent on the projects or programmes (1) Direct expenditure on programmes or p r o j e c t s (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent : Directly or Through Implementing Agency |
|---------|---|--|---|--|--|---|--|
| 1 | Distribution of notebooks to schools falling within jurisdiction of Group Grampanchayat-Rasal | Promoting Education | State: Maharashtra Village: Rasal | Rs. 20,593 | Direct Expenditure: Rs. 20,593 | Rs. 20,593 | Directly by Company |
| 2 | Provision of adequate water supply | Making available portable water | State: Maharashtra Village: Wave | Rs. 83,654 | Direct Expenditure: Rs. 83,654 | Rs. 1,04,247 | Directly by Company |

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

Not Applicable

- A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Ajit Shah
Chairman of the CSR Committee
DIN No.02396765

Manoj Khullar
Managing Director
DIN No.06415392

19th July 2018, Mumbai

Annexure B to Directors' Report

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members,
Sunshield Chemicals Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sunshield Chemicals Limited (CIN: L99999MH1986PLC041612) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliance and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable**;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable**;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase

Scheme) Guidelines, 1999 - **Not Applicable**;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable**;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable**;

(vi) Other specific business/industry related laws applicable to the Company:

The Company has complied with specific applicable laws, rules, regulations and guidelines viz The Factories Act, 1948, The Petroleum Rules, 2002, Maharashtra Poison Rules, 1972, Static & Mobile pressure vessels (unfired) Rules 1981, The Indian Boilers Act 1923, The Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of pollution) Act, 1981, and Authorization under Hazardous Wastes (Management & Handling) Rules, 1989 and amendment Rules 2003 and applicable general business laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India; and
- (ii) The Listing Agreements entered into by the Company with the BSE Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

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

informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period no material events / actions have taken place that have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

**For ALWYN D'SOUZA & Co.
Company Secretaries**

Alwyn P D'souza, FCS - 5559
Proprietor
Certificate of Practice No.5137

Place: Mumbai
Date: 28th May 2018

Office Address
Anner-103,Dimple Arcode,
AshoNaga, Kandivili(E)
Mumbai- 400101

Annexure C to Directors' Report

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2018

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

FORM NO. MGT - 9

1. REGISTRATION AND OTHER DETAILS

| | |
|--|--|
| CIN | L99999MH1986PLC041612 |
| Registration Date | 19 th November 1986 |
| Name of The Company | Sunshield Chemicals Limited |
| Category / Sub-Category of the Company | Company having Share Capital |
| Address of the Registered Office and contact details | Phoenix House, A Wing, 4th Floor, 462, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400013 Tel : 022 - 66637100 Fax: 022 - 24952834 Website: www.solvayindia.in E-mail: investor.sunshield@solvay.com |
| Whether listed Company | Yes |
| Name, address and contact details of Registrar and Transfer Agent, if any. | TSR Darashaw 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.tsrdarashaw.com E-mail: csg-unit@tsrdarashaw.com |

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

| Name and Description of main products | NIC Code of the Product/Service | % to total turnover of the Company |
|---------------------------------------|---------------------------------|------------------------------------|
| ETHOXYLATES & PROPOXYLATES | 20119 | 38% |
| SUN THEIC | 20119 | 29% |
| ANTIOXIDANT | 20119 | 26% |
| MISCELLEANOUS | 20119 | 7% |

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|---|--------------------|--------------------------------------|------------------------|-----------------------|
| Rhodia Amines Chemicals Pvt. Ltd. 10 Collyer Quarry, #10-01, Ocean Financial Centre, Singapore 049315 | Foreign Company | Holding | 62.36 | 2(46) |

4. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) Category-wise Share Holding

| Category of Shareholders | No. of shares held at the beginning of the year- 01.04.2017 | | | | No. of shares held at the end of the year- 31.03.2018 | | | | % Change during the year |
|---|---|----------|-----------|-------------------|---|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A.Promoters | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt. | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| b) Banks /FI | - | - | - | - | - | - | - | - | - |
| c) Any other | - | - | - | - | - | - | - | - | - |
| Sub-Total (1A) | | | | | | | | | |
| (2) Foreign | | | | | | | | | |
| a) NRIs – Individuals | - | - | - | - | - | - | - | - | - |
| a) Other Individuals | - | - | - | - | - | - | - | - | - |
| b) Bodies Corporates | 45,85,196 | - | 45,85,196 | 62.36 | 45,85,196 | - | 45,85,196 | 62.36 | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (2A) | 45,85,196 | - | 45,85,196 | 62.36 | 45,85,196 | - | 45,85,196 | 62.36 | - |
| Total Shareholding of Promoter (A)=(A1)+(A2) | 45,85,196 | - | 45,85,196 | 62.36 | 45,85,196 | - | 45,85,196 | 62.36 | - |
| B.Public Shareholding | | | | | | | | | |
| 1.Institutions | | | | | | | | | |
| a) Mutual Funds | - | 700 | 700 | 0.01 | - | 700 | 700 | 0.01 | - |
| b) Banks /FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | 200 | 200 | 0.00 | - | 200 | 200 | 0.00 | - |
| d) State Govt | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | | | | | | | | | |

| | | | | | | | | | |
|--|------------------|-----------------|------------------|--------------|------------------|-----------------|------------------|--------------|-------------|
| I) Others | - | - | - | - | - | - | - | - | - |
| Sub-Total(B1) | - | 900 | 900 | 0.01 | - | 900 | 900 | 0.01 | - |
| 2.Non-Institutions | | | | | | | | | |
| a)Bodies Corporate | | | | | | | | | |
| I) Indian | 52,674 | 22,000 | 74,674 | 1.02 | 1,12,032 | 22,000 | 1,34,932 | 1.82 | 0.81 |
| ii)Overseas | - | - | - | - | - | - | - | - | - |
| b)Individuals | | | | | | | | | |
| I) Share holders holding nominal share capital upto Rs.1Lac | 14,28,458 | 1,56,525 | 15,84,983 | 21.56 | 15,24,145 | 1,52,305 | 16,76,450 | 22.80 | 1.24 |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1lac | 8,79,626 | - | 8,79,626 | 11.96 | 7,38,673 | - | 7,38,673 | 10.05 | -1.92 |
| c) Others | | | | | | | | | |
| Clearing Members | 1,73,452 | - | 1,73,452 | 2.36 | 1,55,375 | - | 1,55,375 | 2.11 | -0.25 |
| Limited Liability Partnership | 1,400 | - | 1,400 | 0.02 | 29,190 | - | 29,190 | 0.40 | 0.38 |
| Non-Residents (NRI) | 50,458 | - | 50,458 | 0.69 | 30,972 | - | 30,972 | 0.42 | -0.27 |
| Director & Their Relatives | 2,371 | - | 2,371 | 0.03 | 2,272 | - | 2,272 | 0.03 | -0.01 |
| Sub-total (B2) | 25,88,439 | 1,78,525 | 27,66,964 | 37.63 | 25,92,659 | 1,74,305 | 27,66,964 | 37.63 | 0.00 |
| Total Public Shareholding (B)=(B1)+(B2) | 25,88,439 | 1,79,425 | 27,67,864 | 37.64 | 27,48,034 | 1,75,205 | 27,67,864 | 37.64 | 0.00 |
| C.Shares held by Custodian for GDRs & ADRs | - | - | - | - | | | | | - |
| Grand Total (A)+(B)+(C) | 71,73,635 | 1,79,425 | 73,53,060 | 100 | 71,77,855 | 1,75,205 | 73,53,060 | 100 | 0.00 |

(ii) Shareholding of Promoters

| Shareholder's Name | Shareholding at the beginning of the year - 01.04.2017 | | | Shareholding at the end of the year - 31-03-2018/ | | | % change in share holding during the year |
|---------------------------------|--|----------------------------------|---|---|----------------------------------|--|---|
| | No. of shares | % of total shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | % of shares Pledged / encumbered to total shares | |
| Rhodia Amines Chemical Pte Ltd. | 45,85,196 | 62.36 | Nil | 45,85,196 | 62.36 | Nil | Nil |
| Total | 45,85,196 | 62.36 | Nil | 45,85,196 | 62.36 | Nil | Nil |

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

| | Shareholding at the beginning of the year - 01.04.2018 | | Cumulative Shareholding during the year - 31.03.2018 | |
|--|--|---------------------------------|--|---------------------------------|
| | No. of shares | % of total share of the company | No. of shares | % of total share of the company |
| At the beginning of the year - | No change during the the year | | | |
| Date wise increase / decrease in promoters shareholding during the year specifying the reason for increase / decrease (e. g. allotment / transfer / bonus / equity etc.) | No change during the the year | | | |
| At the end of the year | No change during the the year | | | |

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| For Each of the Top 10 Shareholders | Shareholding at the beginning of the year - 01.04.2017 | | Shareholding at the beginning of the year - 01.04.2017 | |
|-------------------------------------|--|----------------------------------|--|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. Asha Mukul Agrawal | | | | |
| a) At the beginning of the year | 1,93,236 | 2.63 | 1,93,236 | 2.63 |
| b) Changes during the year | | | | |
| | Date | Reason | | |
| | 08-09-2017 | Sale | -6,263 | -0.09 |
| | 15-09-2017 | Sale | -5,074 | -0.07 |
| | | | 1,81,899 | 2.47 |

| | | | | | | |
|----------------------------------|------------|----------|-----------|-------|----------|------|
| | 22-09-2017 | Sale | -10000 | -0.14 | 1,71,899 | 2.34 |
| c) At the end of the year | | | | | 1,71,899 | 2.34 |
| 2. Dipak kanyalal Shah | | | | | | |
| s) At the beginning of the year | | | 1,54,000 | 2.09 | 1,54,000 | 2.09 |
| b) Changes during the year | Date | Reason | | | | |
| | 10-11-2017 | Purchase | 1,000 | 0.01 | 1,55,000 | 2.11 |
| | 01-12-2017 | Purchase | 1,000 | 0.01 | 1,56,000 | 2.12 |
| | 08-12-2017 | Purchase | 100 | 0.01 | 1,56,000 | 2.12 |
| | 29-12-2017 | Purchase | 1,100 | 0.01 | 1,57,200 | 2.13 |
| | 29-12-2017 | Sale | -1,100 | -0.01 | 1,56,100 | 2.12 |
| | 09-02-2018 | Purchase | 200 | 0.01 | 1,56,300 | 2.13 |
| | 16-02-2018 | Purchase | 200 | 0.01 | 1,56,500 | 2.14 |
| | 16-02-2018 | Sale | -200 | 0.01 | 1,56,300 | 2.13 |
| | 09-03-2018 | Purchase | 700 | 0.01 | 1,57,000 | 2.14 |
| c) At the end of the year | | | | | 1,57,000 | 2.14 |
| 3. India Infoline Limited | | | | | | |
| a) At the beginning of the year | | | 1,22,785 | 1.67 | 1,22,785 | 1.67 |
| b) Changes during of the year | Date | Reason | | | | |
| | 21-04-2017 | Purchase | 700 | 0.01 | 1,23,485 | 1.68 |
| | 28-04-2017 | Sale | -700 | -0.01 | 1,22,785 | 1.67 |
| | 05-05-2017 | Purchase | 40 | 0.00 | 1,22,825 | 1.67 |
| | 12-05-2017 | Sale | -40 | 0.00 | 1,22,785 | 1.67 |
| | 19-05-2017 | Purchase | 50 | 0.00 | 1,22,835 | 1.67 |
| | 26-05-2017 | Decrease | -50 | 0.00 | 1,22,785 | 1.67 |
| | 02-06-2017 | Purchase | 15 | 0.00 | 1,22,800 | 1.67 |
| | 09-06-2017 | Sale | -15 | 0.00 | 1,22,785 | 1.67 |
| | 09-06-2017 | Sale | -1,21,677 | -1.65 | 1,108 | 0.02 |
| | 14-07-2017 | Purchase | 50 | 0.00 | 1,158 | 0.02 |
| | 21-07-2017 | Sale | -50 | 0.02 | 1,108 | 0.02 |

| | | | | | | |
|---------------------------------|------------|----------|----------|---------------------------|----------|------|
| | 04-08-2017 | Purchase | 200 | 0.00 | 1,308 | 0.02 |
| | 11-08-2017 | Sale | -200 | 0.00 | 1,108 | 0.02 |
| | 15-09-2017 | Purchase | 200 | 0.00 | 1,308 | 0.02 |
| | 22-09-2017 | Sale | -200 | 0.00 | 1,108 | 0.02 |
| | 03-11-2017 | Purchase | 300 | 0.00 | 1,408 | 0.02 |
| | 10-11-2017 | Sale | -3 | 0.00 | 1,405 | 0.02 |
| | 10-11-2017 | Purchase | 1,20,117 | 1.63 | 1,21,522 | 1.65 |
| | 17-11-2017 | Sale | -97 | 0.00 | 1,21,425 | 1.65 |
| | 24-11-2017 | Sale | -170 | 0.00 | 1,21,255 | 1.65 |
| | 01-12-2017 | Sale | -30 | 0.00 | 1,21,225 | 1.65 |
| | 08-12-2017 | Purchase | 21 | 0.00 | 1,21,246 | 1.65 |
| | 15-12-2017 | Sale | -21 | 0.00 | 1,21,225 | 1.65 |
| | 29-12-2017 | Purchase | 50 | 0.00 | 1,21,275 | 1.65 |
| | 05-01-2018 | Purchase | 150 | 0.00 | 1,21,425 | 1.65 |
| | 12-01-2018 | Sale | -200 | 0.00 | 1,21,225 | 1.65 |
| | 12-01-2018 | Sale | -1,000 | -0.01 | 1,20,225 | 1.64 |
| | 02-02-2018 | Purchase | 250 | 0.00 | 1,20,475 | 1.64 |
| | 09-02-2018 | Sale | -250 | 0.00 | 1,20,225 | 1.64 |
| | 23-03-2018 | Purchase | 1,563 | 0.02 | 1,21,788 | 1.66 |
| | 23-03-2018 | Sale | -1,108 | -0.02 | 1,20,680 | 1.64 |
| | 30-03-2018 | Sale | -1,563 | -0.02 | 1,19,117 | 1.64 |
| c) At the end of the year | | | | | 1,19,117 | 1.62 |
| 4. Lincoln P Coelho | | | | | | |
| a) At the beginning of the year | | | 80,000 | 1.098 | 0,000 | 1.09 |
| b) Changes during the year | | | | No Change during the year | | |
| c) At the end of the year | | | | | 80,000 | 1.09 |
| 5. Jigney Bhachech | | | | | | |
| a) At the beginning of the year | Date | Reason | 38,519 | 0.52 | 38,519 | 0.52 |
| b) Changes during the year | 07-04-2017 | Purchase | 2,331 | 0.03 | 40,850 | 0.55 |
| | 23-02-2018 | Purchase | 802 | 0.01 | 41,652 | 0.56 |
| | 02-03-2018 | Sale | -160 | 0.00 | 41,492 | 0.56 |
| | 09-03-2018 | Purchase | 486 | 0.01 | 41,978 | 0.57 |
| | 16-03-2018 | Purchase | 9,002 | 0.12 | 50,980 | 0.69 |
| | 23-03-2018 | Sale | -1,193 | -0.02 | 49,787 | 0.67 |
| | 30-03-2018 | Purchase | 1,623 | 0.02 | 51,410 | 0.70 |
| c) At the end of the year | | | | | 51,410 | 0.70 |
| 6. Arpita Tibrewal | | | | | | |
| a) At the beginning of the year | Date | Reason | - | - | - | - |
| b) Changes during the year | 04-08-2017 | Purchase | 2,051 | 0.03 | 2,051 | 0.03 |

| | | | | | | |
|--|------------|----------|--------|---------------------------|--------|------|
| | 13-10-2017 | Purchase | 949 | 0.01 | 3,000 | 0.04 |
| | 24-11-2017 | Purchase | 13,900 | 0.19 | 16,900 | 0.23 |
| | 01-12-2017 | Purchase | 2,314 | 0.03 | 19,214 | 0.26 |
| | 02-02-2018 | Purchase | 614 | 0.01 | 19,828 | 0.27 |
| | 09-02-2018 | Purchase | 613 | 0.01 | 20,441 | 0.28 |
| | 16-02-2018 | Purchase | 18,049 | 0.25 | 38,490 | 0.52 |
| | 23-02-2018 | Purchase | 15,286 | 0.21 | 53,776 | 0.73 |
| | 30-03-2018 | Sale | -8,930 | -0.12 | 44,846 | 0.61 |
| c)At the end of the year | | | | | 44,846 | 0.61 |
| 7. Bipin Vadilal Gosalia | | | | | | |
| a)At the beginning of the year | | | 34,153 | 0.46 | 34,153 | 0.46 |
| b)Changes during the year | | | | No Change during the year | | |
| c)At the end of the year | | | | | 34,153 | 0.46 |
| 8. MC Jain Infoservices Private Ltd | | | | | | |
| a)At the beginning of the year | Date | Reason | | | | |
| b)Changes during the year | 10-11-2017 | Purchase | 5,000 | 0.07 | 5,000 | 0.07 |
| | 23-03-2018 | Purchase | 25,000 | 0.34 | 30,000 | 0.41 |
| c)At the end of the year | | | | | 30,000 | 0.41 |
| 9. D H Securities Private Limited | | | | | | |
| a)At the beginning of the year | Date | Reason | | | | |
| b)Changes during the year | 02-02-2018 | Purchase | 30,000 | 0.41 | 30,000 | 0.41 |
| | 16-02-2018 | Sale | -2,500 | -0.03 | 27,500 | 0.37 |
| c)At the end of the year | | | | | 27,500 | 0.37 |
| 10. Zelus Advisors LLP | | | | | | |
| a)At the beginning of the year | Date | Reason | - | - | - | - |
| b)Changes during the year | 07-04-2017 | Purchase | 23,190 | 0.32 | 23,190 | 0.32 |
| c)At the end of the year | | | | | 23,190 | 0.32 |

(v) Shareholding of Directors and Key Managerial Personnel

| For Each of the Directors and KMP | Shareholding at the beginning of the year 01.04.2017 | | Cumulative Shareholding during the year 31.03.2018 | |
|-----------------------------------|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Mr. Satish Kelkar Director | | | | |
| At the beginning of the year | 1,000 | 0.01 | 1,000 | 0.01 |
| Changes during the year | No Change during the year | | | |
| At the end of the year | - | - | 1,000 | 0.01 |

Note:

None of the other Directors and Key Managerial Personnel holds any shares in the Company as on 31st March 2018.

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Rs. In Lakhs

| | Security Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i)Principal Amount | 1700.06 | 8434.47 | - | 10134.53 |
| ii)Interest due but not paid | - | - | - | - |
| iii)Interest accrued but not due | - | 98.47 | - | 98.47 |
| Total (I+II+III) | 1700.06 | 8532.94 | - | 10233.00 |
| Change in indebtedness during the financial year | | | | |
| Addition | 535.00 | 2516.14 | - | 3051.14 |
| Reduction | 1700.06 | 98.47 | - | 1798.53 |
| Net Change | (1165.06) | 2417.67 | - | 1252.61 |
| Indebtedness at the end of the financial year | | | | |
| i)Principal Amount | 535.00 | 10825.93 | - | 11360.93 |
| ii)Interest due but not paid | - | - | - | - |
| iii)Interest accrued but not due | - | 124.68 | - | 124.68 |
| Total(i+ii+iii) | 535.00 | 10950.61 | - | 11485.61 |

1. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and and/or Managers:

Rs. In lakhs

| Sr.No | Particulars of Remuneration | Mr. Manoj Khullar Managing Director | Mr. Chidananda Bhagwat Director* | Total Amount |
|-------|--|--|--|-----------------|
| 1 | Gross Salary | | | |
| | a) salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 0.12 | 40.00 | 40.12 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil |
| | c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil |
| 4 | Sweat Equity | Nil | Nil | Nil |
| 4 | Commission As % of profit | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil |
| | Total (A) | 0.12 | 40.00 | 40.12 |

* Mr. Chidananda Bhagwat was appointed as Director with effect from 26th May 2017

b. Remuneration to other Directors:
1. Independent Director

Rs. In Lakhs

| Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--|-------------------|---------------|-------------------|-----------------------|--------------|
| | Mr. R. L. Shenoy | Mr. Ajit Shah | Mrs. Aruna Soman* | Mr. Sanjeev Mukerjee# | |
| Fee for attending Board/Committee meetings | 4.00 | 4.40 | 2.00 | 1.20 | 11.60 |
| Commission | Nil | Nil | Nil | Nil | Nil |
| Others, please specify | Nil | Nil | Nil | Nil | Nil |
| Total (B) (1) | | | | | 11.60 |

* Mrs. Aruna Soman has been appointed as Director effective from 01.06.2017

Mr. Sunjeev Mukerjee ceased to be Director effective from 31.05.2017

2. Other Non-Executive Director

Rs. In Lakhs

| Particulars of Remuneration | Name of Director | Total Amount |
|--|-------------------|--------------|
| | Mr. Satish Kelkar | |
| Fee for attending Board/Committee meetings | 2.40 | 2.40 |
| Commission | Nil | Nil |
| Others – please specify | Nil | Nil |
| Total (B) (2) | | 2.40 |
| | | 14.00 |

Note:

Other Non-executive Directors of the Company are not paid any remuneration.

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

Rs. In Lakhs

| Particulars of Remuneration | Key Managerial Personnel | | |
|--|--------------------------|-------------------------|--------------|
| | Company Secretary | Chief Financial Officer | Total |
| Gross Salary | | | |
| a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 12.02 | 13.70 | 25.72 |
| b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil |
| Stock Option | Nil | Nil | Nil |
| Sweat Equity | Nil | Nil | Nil |
| Commission - as % of profit | Nil | Nil | Nil |
| Others, please specify | Nil | Nil | Nil |
| Total | 12.02 | 13.70 | 25.72 |

7. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences under any sections of the Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

Annexure D to the Directors' Report

Particulars of Employees

1. Information as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr. No. | Name Of Director/KMP And Designation | Ratio Of Remuneration Of Director To Median Remuneration Of Employees | % Increase In Remuneration In The Financial Year 2017-18 |
|---------|--|---|--|
| 1 | Mr. R L Shenoy Non-Executive Director | 0.94 | 20 |
| 2 | Mrs. Aruna Soman Non-Executive Director | 0.47 | Not Applicable |
| 3 | Mr. Ajit Shah Non-Executive Director | 1.04 | 18 |
| 4 | Mr. Satish Kelkar Non-Executive Director | 0.57 | (48.72) |
| 5 | Mr. Manoj Khullar Managing Director | 0.03 | Nil |
| 6 | Mr. Chidananda Bhagwat Executive Director | 9.50 | Not Applicable |
| 7 | Mr. Sanjeev Mukerjee Non-Executive Director | 0.28 | (62.50) |

* Mr. Chidananda Bhagwat and Mrs. Aruna Soman were appointed as Directors with effect from 26th May 2017 and 1st June 2017 respectively.

Mr. Sanjeev Mukerjee ceased to be a Director with effect from 31st May 2017.

Other Non-executive Directors viz., Mr. Ian Brown, Mr. Arun Roy (upto 31st May 2017), Ms. Sze Wee Ong (upto 9th January 2018), Ms. Valdirene Licht (upto 16th January 2018) are not paid any remuneration from the Company.

The percentage increase in remuneration of the Chief Financial Officer and of the Company Secretary is 10%.

ii. The median remuneration of employees of the Company during the financial year was Rs.4.22 Lakhs per annum.

iii. In the financial year, there was an increase of 10% in the median remuneration of employees.

iv. 95 persons were on the rolls of Company as on 31st March 2018.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The percentage increase in the salaries of employees other than the managerial personnel in the last financial year

is on an average of 10% on a cost to Company basis. The average increase in remuneration is not based on Company's performance alone. The increment given to each individual employee is based on his qualification, experience, nature of job, industry benchmark, earlier salary and many other factors, comparison of one against the other is not feasible.

VI. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

2. Information as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Details of Top Ten Employees of the Company (Remuneration wise):

| Name | Designation | Gross Remuneration Subject To Tax (rs. In Lack) | Qualification | Age & Experience (years) | Data Of Commencement Of Employment | Last Employment Held, Designation And Organization |
|--------------------|------------------------------|---|--|--------------------------|------------------------------------|---|
| Chidananda Bhagwat | Director & Operation Manager | 49.00 | Bs.c Tech (technology Of Intermediates And Dyes) And Bachelor Degree In Science In The Field Of Chemistry And Diploma In Business Administration | 44/21 | 20.01.2014 | Basf Limited Country Lead |
| Srivatsa MK | Production Manager | 19.91 | B.E (Chemical) | 48/25 | 23.05.2016 | Nocil Limited Senior Manager Production |
| Aniruddha Moharir | Site Hr Manager | 19.62 | B.com And Diploma In Labour Studies | 44/21 | 21.03.2017 | Eaton Fluid Power Limited |
| Nilesh Awasare | Maintenance Manager | 13.96 | B.tech In Electrical | 37/16 | 16.11.2015 | Akzo Nobel India Limited Assistant Manager Maintenance & Projects |

| | | | | | | |
|-------------------|-------------------------------|-------|---|--------|------------|--|
| Rajeev Gupte | Chief Financial Officer | 13.70 | B.com & Aca | 59/31 | 01.03.2004 | Vishudha Rasyanee Private Limited Finance Controller |
| Samir Mehta | Purchase Manager | 12.45 | B.com | 45/21 | 01.07.2008 | Sbs Colours Private Limited Logistics Manager |
| Kalpesh Kulkarni | HSE Manager | 12.42 | B.e (Chemical) And Advance Diploma In Industrial Safty | 31/9 | 08.09.2017 | Croda India Company Private Limited Senior Executive HSE |
| Amit Kumashi | Company Secretary | 12.02 | B.Com, ACS & LLB | 35/11 | 02.06.2008 | Not Applicable |
| Shekhar Pattekar | Factory Manager | 11.65 | B.Sc | 58/36 | 01.04.1982 | Not Applicable |
| Makrand Khodagale | Plant Manager – Anti-oxidants | 11.39 | B. Tech in Chemical Engineering | 40 /17 | 01.04.2010 | Sun Petrochemical Private Limited – Shift In-charge |

Note:

1. None of the above employees is a relative of any Director of the Company.
2. All the above employees have executed an employment contract with the Company.
3. None of the above employees is holding more than 2% of the equity shares in the Company
4. There were no employees who were drawing remuneration exceeding Rs.1.02 Crores per annum and thus no particulars are to be given under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

For and on behalf of the Board of Directors

R L Shenoy
Chairman
DIN No. 0074761

Mumbai, 19th July 2018

Annexure E to Directors' Report

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

as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 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) The steps taken or impact on conservation of energy:

1. Replaced cooling tower one pump with higher capacity. Now we are running single pump instead of two for Alkoxylation production unit. The saving we achieved 550 Kwh/day.
2. Installation of cooling water Booster pump (7.5 KW) for antioxidant plant distillation column. Due to this we have stopped using of 15 KW circulation pump. The achieved saving is 245 KWH/day
3. Phase wise replacement of mercury vapor lamps with LED lamps is in progress.
4. New centrifuge installed in Antioxidant plant for filtration of solid Antioxidants. This has reduced cycle time of centrifuge and crystallizer resulting in saving in electrical energy due to reduction of number of running hours. Better quality of filtered Antioxidant mass resulted in reduction of drying time and hence saving electrical energy of Rotocon vacuum dryer.
5. Installation of two stage vacuum pump for Antioxidant distillation stage, resulted in reduction in cycle time. This has given us the savings in electrical energy per Mt of the product due to reduction in agitator running time and vacuum pump running time.
6. Installation of molten Diphenylamine (DPA) tank has resulted in reduction of alkylation agitator reactor running time due to handling of molten DPA. Earlier we were handling solid DPA from bags.

b) The steps taken by the Company for utilising alternate sources of energy:

NIL

c) The capital investment on energy conservation equipment:

NIL

TECHNOLOGY ABSORPTION:

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

a) Technology imported

b) Year of Import

c) Has the technology been fully absorbed?

d) If not fully absorbed, areas where this has not taken place, reason there of, and future plans of action.

Not Applicable as no Imported technology is put to use

| | | | |
|----|---|---|-----|
| 4. | Expenditure on R & D :(In Rs.) | | |
| a) | Capital | } | Nil |
| b) | Recurring | | |
| c) | Total | | |
| d) | Total R & D Expenditure as percentage of turnover | | |

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:-

(Rs. in Lakhs)

| | 2017-18 | 2016 -17 |
|-----------------------------------|---------|----------|
| i) total foreign exchange used | 5510.41 | 4260.80 |
| ii) total foreign exchange earned | 7952.60 | 8181.96 |

For and on behalf of the Board of Directors

R L Shenoy
Chairman
DIN No. 0074761

Mumbai, 19th July 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Sunshield Chemicals Limited Report on the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing

standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit of the financial statements we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh Sharma
(Partner)
(Membership No. 102042)

Place: Mumbai
Date: May 28, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sunshield Chemicals Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and

maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

financial statements.

inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)**

**Rakesh Sharma
(Partner)
(Membership No. 102042)**

Place: Mumbai
Date: May 28, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of lands which are freehold and building thereof are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013.

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax (GST), Customs Duty, Excise Duty, Value Added Tax, cess and any other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, GST, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, GST, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (Net of amount paid under protest) (Rs. in Lakhs) | Amount paid under protest (Rs. in Lakhs) |
|----------------------|-------------------------------|--------------------------------------|------------------------------------|---|--|
| Income Tax Act, 1961 | Income Tax including Interest | Commissioner of Income Tax (Appeals) | Assessment Year 2011 - 2012 | 2.48 | - |

| | | | | | |
|---------------------------------------|--|---|---------------------------|--------|------|
| Income Tax Act, 1961 | Income Tax including Interest | Commissioner of Income Tax (Appeals) | Assessment Year 2012-2013 | 2.37 | - |
| Income Tax Act, 1961 | Income Tax including Interest | Commissioner of Income Tax (Appeals) | Assessment Year 2014-2015 | 131.74 | - |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax including interest | Joint Commissioner of Sales Tax (Appeals) | 2006-2007 | 25.56 | - |
| Central Sales Tax Act, 1956 | Sales Tax including interest and penalty | Joint Commissioner of Sales Tax (Appeals) | 2006-2007 | 607.21 | 5.00 |
| Central Sales Tax Act, 1956 | Sales Tax | Joint Commissioner of Sales Tax (Appeals) | 2007-2008 | 78.09 | 7.50 |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax including interest and penalty | Joint Commissioner of Sales Tax (Appeals) | 2009-2010 | 141.07 | - |
| Central Sales Tax Act, 1956 | Sales Tax including interest | Joint Commissioner of Sales Tax (Appeals) | 2009-2010 | 378.65 | 1.00 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The company has not taken any loans or borrowings from financial institutions and government. The Company has not issued any debentures.

(xi) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Regn. No. 117366W/W-100018)
Rakesh Sharma

Partner
(Membership Number: 102042)

Place: Mumbai
Date: May 28, 2018

Balance Sheet as at 31 March 2018

Rs. in lakhs

| Particulars | Notes | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--------------------------------------|-------|------------------------|------------------------|-----------------------|
| I ASSETS | | | | |
| 1 Non current assets | | | | |
| (a) Property, plant and equipment | 5 | 7,073.74 | 7,392.70 | 7,927.19 |
| (b) Capital work-in-progress | 6 | 303.65 | 307.86 | 150.88 |
| (c) Financial assets | | | | |
| - Other financial assets | 7 | 34.33 | 34.33 | 34.67 |
| (d) Other non current assets | 8 | 543.85 | 483.64 | 531.80 |
| Total non current assets | | 7,955.57 | 8,218.53 | 8,644.54 |
| 2 Current assets | | | | |
| (a) Inventories | 9 | 3,134.93 | 2,247.85 | 2,766.69 |
| (b) Financial assets | | | | |
| I. Trade receivables | 10 | 2,973.49 | 2,723.72 | 2,544.09 |
| ii. Cash and cash equivalents | 11 | 263.21 | 124.02 | 212.16 |
| iii. Loans | 12 | 20.28 | 27.09 | 5.70 |
| (c) Other current assets | 13 | 1,332.87 | 744.49 | 885.88 |
| Total current assets | | 7,724.78 | 5,867.17 | 6,414.52 |
| TOTAL ASSETS | | 15,680.35 | 14,085.70 | 15,059.06 |
| II EQUITY AND LIABILITIES | | | | |
| 1 Equity | | | | |
| (a) Equity share capital | 14 | 735.31 | 735.31 | 735.31 |
| (b) Other equity | 15 | 373.67 | 248.52 | 918.70 |
| Total Equity | | 1,108.98 | 983.83 | 1,654.01 |
| Liabilities | | | | |
| 2 Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| I. Borrowings | 16 | 3,676.26 | 4,120.67 | 5,935.42 |
| ii. Other financial liabilities | 17 | 720.99 | 584.88 | 239.71 |
| (b) Provisions | 18 | 90.24 | 83.99 | 102.98 |
| (c) Deferred tax liabilities (net) | 19 | - | - | 127.77 |
| Total non current liabilities | | 4,487.49 | 4,789.54 | 6,405.88 |
| 3 Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| I. Borrowings | 20 | 6,835.00 | 4,100.06 | 4,139.20 |
| ii. Trade payables | 21 | 2,395.73 | 2,093.10 | 2,490.70 |
| iii. Other financial liabilities | 22 | 729.32 | 1,921.63 | 194.31 |
| (b) Provisions | 23 | 13.83 | 11.27 | 9.50 |
| (c) Other current liabilities | 24 | 110.00 | 186.27 | 165.46 |
| Total current liabilities | | 10,083.88 | 8,312.33 | 6,999.17 |
| Total liabilities | | 14,571.37 | 13,101.87 | 13,405.05 |
| TOTAL EQUITY AND LIABILITIES | | 15,680.35 | 14,085.70 | 15,059.06 |
| Significant accounting policies | 2 | | | |

The accompanying Notes 1-43 are an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Rakesh Sharma
Partner

For and on behalf of the Board of Directors

Sunshield Chemicals Limited

R. L. Shenoy

Chairman
(DIN No.0074761)

Rajeev Gupte

Chief Financial Officer

Place: Mumbai

Date: 28th May, 2018

Ajit Shah

Director
(DIN No.02396765)

Chidananda Bhagwat

Director
(DIN No:07804785)

Amit Kumashi

Company Secretary

Place: Mumbai

Date: 28th May, 2018

Statement of profit and loss for the year ended 31 March 2018

Rs. in lakhs

| Particulars | Notes | Year Ended | |
|--|-------|------------------|------------------|
| | | 31 March 2018 | 31 March 2017 |
| Income | | | |
| I Revenue from operations | 25 | 18,526.37 | 17,508.77 |
| II Other income | 26 | 152.73 | 21.78 |
| III Total income (I+II) | | 18,679.10 | 17,530.55 |
| IV Expenses | | | |
| Cost of materials consumed | 27 | 12,725.01 | 10,931.73 |
| Excise Duty on sale of goods | 27.1 | 189.58 | 936.57 |
| Changes in inventories of stock-in-trade, finished goods and work-in-progress | 28 | (139.90) | 425.83 |
| Employee benefits expense | 29 | 713.01 | 660.60 |
| Finance costs | 30 | 969.01 | 932.40 |
| Depreciation | 31 | 596.49 | 598.44 |
| Other expenses | 32 | 3,474.56 | 3,838.48 |
| Total expenses (IV) | | 18,527.76 | 18,324.05 |
| V Profit/(loss) before tax | | 151.34 | (793.50) |
| VI Tax Expense: | | | |
| Current tax | 36 | 30.86 | - |
| Deferred tax | 36 | - | (126.40) |
| Net tax expense (VI) | | 30.86 | (126.40) |
| VII Profit/(loss) for the year | | 120.48 | (667.10) |
| VIII Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| I Remeasurement of defined benefit plan | | 4.67 | (4.45) |
| ii Income tax related to items that will not be reclassified to profit or loss | | - | 1.38 |
| Total Other Comprehensive Income / (Loss) | | 4.67 | (3.07) |
| IX Total Comprehensive Income/(Loss) for the year (VII + VIII) | | 125.15 | (670.17) |
| X Earnings per equity share | 40 | | |
| (1) Basic (Rs.) | | 1.64 | (9.07) |
| (2) Diluted (Rs.) | | 1.64 | (9.07) |
| Significant accounting policies | 2 | | |

The accompanying Notes 1-43 are an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
 Chartered Accountants

 For and on behalf of the Board of Directors
Sunshield Chemicals Limited
Rakesh Sharma
 Partner

R. L. Shenoy
 Chairman
 (DIN No.0074761)

Ajit Shah
 Director
 (DIN No.02396765)

Chidananda Bhagwat
 Director
 (DIN No:07804785)

Rajeev Gupte
 Chief Financial Officer

Amit Kumashi
 Company Secretary

 Date: 28th May, 2018
 Place: Mumbai

 Place: Mumbai
 Date: 28th May, 2018

Statement of cash flows for the year ended 31 March 2018

Rs. in lakhs

| Particulars | 31 March 2018 | 31 March 2017 |
|---|-----------------|-----------------|
| Cash flow from operating activities | | |
| Profit/(loss) before tax | 151.34 | (793.50) |
| Adjustments : | | |
| Depreciation Expense | 596.49 | 598.44 |
| Interest income | (0.30) | (4.48) |
| Liabilities / provisions no longer required written back | (36.34) | (13.77) |
| Loss on property, plant and equipment sold or written off | 11.90 | 172.78 |
| Finance cost | 969.01 | 932.40 |
| Provision for doubtful trade receivables (net of recoveries) | (22.07) | 20.80 |
| Unrealized foreign exchange gain (net) | (41.09) | (16.85) |
| Incremental sales tax deferral | 0.94 | 5.35 |
| Operating profit before changes in working capital | 1,629.88 | 901.17 |
| Adjustments for (increase) / decrease in working capital | | |
| Trade receivables | (191.91) | (180.52) |
| Inventories | (887.08) | 518.85 |
| Other non-current assets | (25.31) | (18.65) |
| Other current financial assets | 6.81 | (21.39) |
| Other non-current financial assets | - | 0.34 |
| Other current non-financial assets | (588.38) | 141.39 |
| Trade payables | 344.29 | (386.29) |
| Other current financial liabilities | 3.39 | 71.50 |
| Other non-current financial liabilities | (10.88) | 121.47 |
| Non-current provision | 10.92 | (23.84) |
| Current provision | (2.56) | 1.77 |
| Other current non-financial liabilities | (76.27) | 20.80 |
| Cash generated from operations | 218.02 | 1,146.60 |
| Income Tax (refund) / paid | (3.58) | 14.55 |
| Net cash flows from operating activities | 214.44 | 1,161.15 |
| Cash flow from investing activities | | |
| Capital expenditure on property, plant and equipment | (392.93) | (336.82) |
| Proceeds from disposal of property, plant and equipment | 2.35 | 4.24 |
| Interest received | 0.30 | 4.48 |
| Net cash generated used in investing activities | (390.28) | (328.10) |
| Cash flow from financing activities | | |
| Interest paid | (737.88) | (824.18) |
| Proceeds from Borrowings | 2,735.00 | 1,700.00 |

Statement of cash flows for the year ended 31 March 2018

| | | |
|---|---------------|-----------------|
| Repayment of Borrowings | (1,682.04) | (1,621.10) |
| Deferred Sales Tax installments paid | 0.01 | (36.77) |
| Net cash flows generated from / (used in) financing activities | 315.09 | (782.05) |
| Net increase / (decrease) in cash and cash equivalents | 139.25 | 51.00 |
| Cash and cash equivalents at the beginning of the year | 123.96 | 72.96 |
| Cash and cash equivalents at the end of the year | 263.21 | 123.96 |
| | | |

Significant accounting policies

The accompanying Notes 1-43 are an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors
Sunshield Chemicals Limited

Rakesh Sharma
Partner

R. L. Shenoy
Chairman
(DIN No.0074761)

Ajit Shah
Director
(DIN No.02396765)

Chidananda Bhagwat
Director
(DIN No:07804785)

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

Date: 28th May, 2018
Place: Mumbai

Place: Mumbai
Date: 28th May, 2018

Statement of Changes in Equity for the year ended 31 March 2018

(a) Equity share capital :

Rs. in lakhs

| | Notes | Balance at the beginning of the year | Change in equity share capital during the year | Balance as at the end of the year |
|---------------------|-------|--------------------------------------|--|-----------------------------------|
| As at 1 April 2016 | | 735.31 | - | 735.31 |
| As at 31 March 2017 | 14 | 735.31 | - | 735.31 |
| As at 31 March 2018 | | 735.31 | - | 735.31 |

(b) Other equity :

Rs. in lakhs

| Particulars | Notes | Reserves & Surplus | | | Total |
|--|-------|--------------------|--------------------|-------------------|-----------------|
| | | Capital reserve | Securities premium | Retained earnings | |
| As at 1 April 2016 | | 453.56 | 883.10 | (417.96) | 918.70 |
| Loss for the year | | - | - | (667.10) | (667.10) |
| Other comprehensive loss for the year, net of income tax | | - | - | (3.07) | (3.07) |
| Total comprehensive loss for the year | | - | - | (670.17) | (670.17) |
| As at 31 March 2017 | 15 | 453.56 | 883.10 | (1,088.14) | 248.52 |
| Profit for the year | | - | - | 120.48 | 120.48 |
| Other comprehensive income for the year, net of income tax | | - | - | 4.67 | 4.67 |
| Total comprehensive income for the year | | - | - | 125.15 | 125.15 |
| As at 31 March 2018 | | 453.56 | 883.10 | (962.99) | 373.67 |
| Significant accounting policies | 2 | | | | |

The accompanying Notes 1-43 are an integral part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors
Sunshield Chemicals Limited

Rakesh Sharma
Partner

R. L. Shenoy
Chairman
(DIN No.0074761)

Ajit Shah
Director
(DIN No.02396765)

Chidananda Bhagwat
Director
(DIN No:07804785)

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

Place: Mumbai
Date: 28th May, 2018

Place: Mumbai
Date: 28th May, 2018

Notes forming part of the financial statements for the year ended 31 March 2018

1. COMPANY BACKGROUND

Sunshield Chemicals Limited ('the Company') was incorporated in India on 19th November 1986. The Company is engaged in manufacture and sale of Speciality Chemicals in the domestic and international markets.

2. SIGNIFICANT ACCOUNTING POLICIES:

Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Upto the year ended 31 March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2016. Refer Note 3 for the details of first-time adoption exemptions availed by the Company.

The Company has not early applied the following IND AS that has been issued but is not yet effective:

IND AS 115 - Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 April 2018.

IND AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IND AS 115 will supersede the current revenue recognition guidance including IND AS 18 Revenue, IND AS 11 Construction Contracts and the related Interpretations when it becomes effective.

Under IND AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The amendments apply prospectively for annual periods beginning on or after April 1, 2018. The Company is currently assessing the impact of the same on the financial statements.

2.1 Basis of preparation of Financial Statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given at the date of the transaction, in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Revenue recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer. It is measured at fair value of consideration received or receivable, net of returns, rebates, trade discounts and indirect taxes.

Income from services

Service income is recognised as per the terms of the contract when the related services are rendered.

2.3 Other income

Interest income is accounted on accrual basis.

2.4 Foreign currency transactions and translations

Transactions in foreign currencies are recognised at the exchange rates prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at that date. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.5 Taxation:

Income- tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using applicable tax rates that have been enacted by the end of the reporting period and the provisions of the Income Tax Act, 1961 and other tax laws, as applicable.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax asset arising from unused tax losses or tax credits is recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

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

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

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Current and Deferred Tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

2.6 Property, Plant and Equipment:

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Freehold land is not depreciated. Depreciation on property, plant and equipment has been provided on the straight-line method.

The estimated useful life which is in line with Schedule II of the Act is set out herein below.

| Type of asset | Useful Life |
|------------------------|---------------|
| Buildings | 5 to 60 years |
| Plant and Equipments | 3 to 30 years |
| Furniture and Fixtures | 10 years |
| Vehicles | 8 years |
| Computers | 3 years |
| Office Equipments | 3 to 5 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost (see note 5).

Capital work-in-progrec:

Projects under which tangible property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost and attributable interest, if applicable.

2.7 Impairment of assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables and any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under IND AS 109.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

2.8 Inventories

Inventories are measured at the lower of cost (weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

2.9 Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A contingent asset is neither recognised nor disclosed in the financial statements.

2.10 Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. At initial recognition, financial assets and financial liabilities are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss FVTPL) are added to or deducted from the value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at Fair Value through Profit or Loss are recognised in the Statement of Profit and Loss.

Financial assets

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. After initial recognition all financial assets (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial asset as FVTPL or Fair Value through Other Comprehensive Income (FVTOCI).

Classification of Financial Assets

Debt instruments that meet conditions based on purpose of holding assets and contractual terms of instrument are subsequently measured at amortised cost using effective interest method. All other financial assets are measured at fair value. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as Fair Value Through Profit or Loss. Interest income is recognised in the statement of profit or loss and is included in the "Other income" line item.

Impairment of Financial Assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables and any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under IND AS 109.

Financial Liabilities and equity instruments

Classification of debt or equity

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities (other than derivative financial instruments) are measured at amortised cost using effective interest method at the end of reporting periods.

Derecognition of Financial Assets and Liabilities

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

Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts and principal swap to manage its exposure to foreign currency exchange rate risks. Derivatives are initially recognised at fair value at the date the contracts are entered into. Subsequent to initial recognition, these contracts are measured at fair value at the end of each reporting period and changes are recognised in the Statement of Profit and Loss.

2.11 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in IND AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents for the purposes of Cash Flow Statement comprises cash on hand and demand deposits with banks (with an original maturity of three months or less from the date of acquisitions).

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities are identified to segments on the basis of their relationship to the operating activities of the segment.

2.13 Employee benefits

Compensation to employees for services rendered is measured and accounted for in accordance with Indian Accounting Standard 19 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to profit or loss in the period in which the service is rendered.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Employee Benefits under defined benefit plans such as gratuity which fall due for payment after completion of employment are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The Company's obligation recognised in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets.

Actuarial Gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest) are recognised immediately in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Earnings per share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with IND AS 33 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

3 First-time adoption - Mandatory Exceptions, Optional Exceptions

Overall principle

The Company has prepared the opening balance sheet as at 1 April, 2016 (the transition date) as per Ind AS by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the below mentioned optional exemption availed by the Company as per IND AS 101:

Deemed cost for property, plant and equipment, and intangible

The Company has elected to continue with the carrying value of all of its plant and equipment recognised as of 1 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4 Critical accounting judgments and key sources of estimation uncertainty

In application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended 31 March 2018, 2017 and 2016, there were no changes in useful lives of property plant and equipment.

The company at the end of each reporting period, based on external and internal sources of information, assesses indicators and mitigating factors of whether the plant (cash generating unit) may have suffered an impairment loss. If it is determined that an impairment loss has been suffered, it is recognised in the Statement of Profit and Loss.

Impairment of trade receivables

The Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer status, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Deferred tax

The management of the company estimates whether the company will earn sufficient taxable profits in future periods during which the temporary differences become deductible. The carrying amount of deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Contingencies

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. There are certain obligations which management have concluded based on all available facts and circumstances are not probable of payment or difficult to quantify reliably and such obligations are treated as contingent liabilities and disclosed in the notes but are not provided for in the financial statements.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
4.2 Reconciliation of total equity:

Rs. in lakhs

| Particulars | Notes | As at 31 st March 2017 (End of last period presented under previous GAAP) | As at 01 st April 2016 (Date of transition) |
|---|-------|--|--|
| Total Equity reported under previous GAAP | | 1,136.00 | 1,680.08 |
| Adjustments for GAAP differences: | | | |
| Provision for Expected Credit Loss on Accounts Receivable | b | (27.81) | (21.62) |
| Exchange loss on External Commercial Borrowings (ECB) | c | (124.36) | (16.11) |
| Deferred tax on the above adjustments | | - | 11.66 |
| Equity reported under INDAS | | 983.83 | 1,654.01 |

4.3 Reconciliation of Total Comprehensive Income:

Rs. in lakhs

| Particulars | Notes | Year ended 31 st March 2017 |
|---|-------|--|
| Net loss (after tax) under previous GAAP | | (544.08) |
| Add / (Less) : Adjustments for GAAP differences: | | |
| Provision for Expected Credit Loss on Accounts Receivable | b | (6.19) |
| Reclassification of actuarial loss, arising in respect of employee benefit schemes, to other comprehensive income | a | 4.45 |
| Exchange loss on External Commercial Borrowings (ECB) | c | (107.83) |
| Deferred tax on the above adjustments | | (13.45) |
| Net loss (after tax) as per Ind AS | | (667.10) |
| Other Comprehensive Income (net of tax) | a | (3.07) |
| Total Comprehensive Income under INDAS | | (670.17) |

4.4 Effect of Ind AS adoption on the Statement of cash flow for the year ended March 31, 2017

Rs. In lakhs

| Particulars | Notes | Amount as per IGAAP | Effect of transitions to IND AS | Amount as per IND AS |
|---|-------|------------------------|------------------------------------|-------------------------|
| Net cash used in operating activities | | 1,161.15 | - | 1,161.15 |
| Net cash generated from investing activities | | (328.10) | - | (328.10) |
| Net cash generated from financing activities | d | (921.19) | (139.14) | (782.05) |
| Net decrease in cash and cash equivalents | | (88.14) | (139.14) | 51.00 |
| Cash and cash equivalents at the beginning of the year | d | 212.16 | 139.20 | 72.96 |
| Cash and cash equivalents at the end of the year | d | 124.02 | 0.06 | 123.96 |

Notes to the reconciliation:

- a. Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the return on plan asset and actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

- b. Under previous GAAP, allowance for doubtful debts was made as per management policy based on ageing of debtors. Under Ind AS, the Company applies expected credit loss (ECL) model for recognising impairment loss on these financial assets on the transaction date. The resultant changes in provision for doubtful debts are recognised in statement of profit and loss. On transition to Ind AS, allowance for doubtful debts is remeasured as per ECL model, which was higher than the provision as per the previous GAAP.
- c. The company has taken external commercial borrowing from a related party and has taken principal only swap to hedge against the foreign currency risk related to the ECB. Under Ind AS, the principal swap is required to be measured at fair value at each reporting period and changes therein are recognised in profit and loss.
- d. Under IND AS, bank overdrafts which are payable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of statement of cashflows. Whereas under previous GAAP, there was no similar guidance and hence, bank overdrafts were considered similar to other borrowings and the movement therein were reflected in cash flows from financing activities. The effect of these is reflected in cashflows from financing activities and Cash and cash equivalents.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Note 5
Property, plant and equipment

| Description | Gross Block | | | | Depreciation | | | Net Block | |
|------------------------|-----------------------|---------------|----------------|------------------------|-----------------------|---------------|---------------|------------------------|------------------------|
| | As at 1 April 2017 | Additions | Deductions | As at 31 March 2018 | As at 1 April 2017 | For the year | Deductions | As at 31 March 2018 | As at 31 March 2018 |
| Freehold Land | 76.82 | - | - | 76.82 | - | - | - | - | 76.82 |
| Buildings | 1,442.79 | 100.04 | (0.84) | 1,541.99 | 69.99 | 72.72 | (0.12) | 142.59 | 1,399.40 |
| Plant and Equipment | 6,331.86 | 164.30 | (19.86) | 6,476.30 | 468.38 | 473.31 | (7.43) | 934.26 | 5,542.04 |
| Furniture and Fixtures | 0.05 | - | (0.01) | 0.04 | - | 0.01 | - | 0.01 | 0.03 |
| Vehicles | 2.50 | - | (2.50) | - | 0.71 | 0.70 | (1.41) | - | - |
| Computers | 126.60 | 22.42 | - | 149.02 | 50.83 | 48.35 | - | 99.18 | 49.84 |
| Office Equipments | 2.00 | 5.02 | - | 7.02 | 0.01 | 1.40 | (0.00) | 1.41 | 5.61 |
| Total | 7,982.62 | 291.78 | (23.21) | 8,251.19 | 589.92 | 596.49 | (8.96) | 1,177.45 | 7,073.74 |

| Description | Gross Block | | | Depreciation | | | Net Block | | |
|------------------------|--|---------------|-----------------|------------------------|-----------------------|---------------|---------------|------------------------|-------------------------|
| | Demeed cost as at 1 April 2016 (Refer Note 5.1) | Additions | Deductions | As at 31 March 2017 | As at 1 April 2016 | For the year | Deductions | As at 31 March 2017 | As at 1st April 2016 |
| Freehold Land | 76.82 | - | - | 76.82 | - | - | - | 76.82 | 76.82 |
| Buildings | 1,430.93 | 11.86 | - | 1,442.79 | - | 69.99 | - | 1,372.80 | 1,430.93 |
| Plant and Equipment | 6,296.70 | 220.68 | (185.52) | 6,331.86 | - | 476.90 | (8.52) | 5,863.48 | 6,296.70 |
| Furniture and Fixtures | 0.05 | - | - | 0.05 | - | - | - | 0.05 | 0.05 |
| Vehicles | 2.50 | - | - | 2.50 | - | 0.71 | - | 1.79 | 2.50 |
| Computers | 119.37 | 7.23 | - | 126.60 | - | 50.83 | - | 75.77 | 119.37 |
| Office Equipments | 0.82 | 1.18 | - | 2.00 | - | 0.01 | - | 1.99 | 0.82 |
| Total | 7,927.19 | 240.95 | (185.52) | 7,982.62 | - | 598.44 | (8.52) | 7,392.70 | 7,927.19 |

Note :

5.1 The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2016 under the previous GAAP.

| Description | Rs. In Lakhs | | | | | |
|--------------------------|---------------|-----------|---------------------|------------------------|-----------|-------------------|
| | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Computers | Office Equipments |
| Gross Block | 76.82 | 1,698.27 | 8,609.71 | 76.27 | 182.37 | 1.49 |
| Accumulated Depreciation | - | (267.34) | (2,313.01) | (76.22) | (63.00) | (0.67) |
| Net Block | 76.82 | 1,430.93 | 6,296.70 | 0.05 | 119.37 | 0.82 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Note 6

Capital Work in progress

Rs. In Lakhs

| Description | Amount |
|-------------------------------------|---------------|
| Opening Balance as at 1 April 2016 | 150.88 |
| Additions | 400.92 |
| Transfer | (243.94) |
| Closing Balance as at 31 March 2017 | 307.86 |
| Additions | 286.84 |
| Transfer | (291.05) |
| Closing Balance as at 31 March 2018 | 303.65 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 7 | | | |
| Other non-current financial assets (Unsecured, considered good) | | | |
| Security Deposits | 34.33 | 34.33 | 34.67 |
| Total | 34.33 | 34.33 | 34.67 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 8 | | | |
| Other non-current financial assets (Unsecured, considered good) | | | |
| Balances with Government authorities | | | |
| - VAT refund receivable | 326.96 | 313.95 | 307.86 |
| - Revenue deposit receivable | 11.80 | 6.56 | 3.97 |
| - VAT paid under protest | 13.50 | 13.50 | 13.50 |
| - Duty Drawback receivable | 38.05 | 30.99 | 21.02 |
| Capital Advances | 65.70 | 3.50 | 55.76 |
| Advance income-tax [net of provision Rs. 182.44 Lakhs, (2017 - Rs. 158.04 lakhs, 2016 - Rs. 158.04 Lakhs)] | 87.84 | 115.14 | 129.69 |
| Total | 543.85 | 483.64 | 531.80 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 9 | | | |
| Inventories (at lower of cost and net realisable value) | | | |
| Raw materials [(includes Goods -in - Transit Rs. 101.02 lakhs , (2017 - Rs. 139.92 lakhs, 2016 - Rs. 19.28 lakhs)] | 1,518.19 | 773.42 | 866.38 |
| Packing materials | 61.55 | 58.74 | 57.05 |
| Work-in-progress | 189.00 | 70.63 | 87.62 |
| Finished goods [(includes Goods -in - Transit Rs. 402.31 lakhs , (2017 - Rs. 473.26 lakhs, 2016 - Rs. Nil)] | 1,264.34 | 1,242.90 | 1,649.56 |
| Stock-in-trade | - | - | 2.18 |
| Stores and spares | 101.85 | 102.16 | 103.90 |
| Total | 3,134.93 | 2,247.85 | 2,766.69 |

Note: The mode of valuation has been stated in Note 2.8

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|------------------------------------|------------------------|------------------------|-----------------------|
| Note 10 | | | |
| Trade Receivables | | | |
| Unsecured | | | |
| Considered Doubtful | 24.06 | 46.13 | 25.33 |
| Considered Good | 2,973.49 | 2,723.72 | 2,544.09 |
| Less: Allowance for doubtful debts | (24.06) | (46.13) | (25.33) |
| | 2,973.49 | 2,723.72 | 2,544.09 |
| Total | 2,973.49 | 2,723.72 | 2,544.09 |

Note:

The average credit period on sale of goods is 60 days. No interest is charged on trade receivables. The above Trade Receivables include amount due from related parties of Rs. 348.26 Lakhs (2017 - Rs. 140.15 Lakhs, 2016 - Rs. 161.38 Lakhs) For movement in allowance for doubtful debt refer Note No : 42

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 11 | | | |
| Cash and cash equivalents | | | |
| Balance with Banks | | | |
| In current accounts | 263.21 | 123.84 | 211.72 |
| Cash on hand | - | 0.18 | 0.44 |
| Cash and cash equivalents as per balance sheet | 263.21 | 124.02 | 212.16 |
| Bank overdrafts (Refer Note 20) | - | (0.06) | (139.20) |
| Cash and cash equivalents as per consolidated statement of cash flows | 263.21 | 123.96 | 72.96 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|----------------------------|------------------------|------------------------|-----------------------|
| Note 12 | | | |
| Loans (Current): | | | |
| Unsecured, Considered Good | | | |
| Loans to employees | 20.28 | 27.09 | 5.70 |
| Total | 20.28 | 27.09 | 5.70 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Rs. In Lakhs

| Particulars | As at | As at | As at |
|---|-----------------|---------------|---------------|
| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
| Note 13 | | | |
| Other current assets | | | |
| Balance with government authorities | 19.08 | 17.91 | 14.09 |
| - Goods and Service Tax | 806.64 | - | - |
| - Input/CENVAT credit receivable | 106.32 | 639.46 | 545.49 |
| Advances to suppliers of goods and services | 400.83 | 87.12 | 326.30 |
| Total | 1,332.87 | 744.49 | 885.88 |

Rs. In Lakhs

| Particulars | As at | As at | As at |
|--|-----------------|-----------------|-----------------|
| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
| Note 14 | | | |
| Equity Share Capital | | | |
| Authorised | | | |
| 1,50,00,000 equity shares of Rs.10/- each | 1,500.00 | 1,500.00 | 1,500.00 |
| 50,00,000 7% Non Cumulative Redeemable Preference shares of Rs.10/- each | 500.00 | 500.00 | 500.00 |
| Issued, Subscribed and fully paid up | 2,000.00 | 2,000.00 | 2,000.00 |
| 73,53,060 (2017: 73,53,060, 2016: 73,53,060) equity shares of Rs.10/- each fully paid up | 735.31 | 735.31 | 735.31 |
| Total | 735.31 | 735.31 | 735.31 |

Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Rs. In Lakhs

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|-----------------------------------|---------------------|---------------|---------------------|---------------|--------------------|---------------|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Opening Balance | 7353060 | 735.31 | 7,353,060 | 735.31 | 7,353,060 | 735.31 |
| Add : Fresh issue during the year | - | - | - | - | - | - |
| Closing balance | 7353060 | 735.31 | 7,353,060 | 735.31 | 7,353,060 | 735.31 |

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

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|--|---------------------|--------------|---------------------|--------------|--------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding | No. of Shares | % of holding |
| Rhodia Amines Chemicals Pte. Limited (Holding Company) | 4,585,196 | 62.36% | 4,585,196 | 62.36% | 4,585,196 | 62.36% |

Details of Equity Shares held by the Holding Company:

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|--|---------------------|--------------|---------------------|--------------|--------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding | No. of Shares | % of holding |
| Rhodia Amines Chemicals Pte. Limited (Holding Company) | 4,585,196 | 62.36% | 4,585,196 | 62.36% | 4,585,196 | 62.36% |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Terms/Rights attached to equity shares

The Company has issued only one class of shares referred to as equity shares having a par value of Rs 10 per share. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|----------------------------|------------------------|------------------------|-----------------------|
| Note 15 | | | |
| Other equity | | | |
| Capital reserve | 453.56 | 453.56 | 453.56 |
| Securities premium reserve | 883.10 | 883.10 | 883.10 |
| General reserve | - | - | - |
| Other reserve | - | - | - |
| Retained earnings | (962.99) | (1,088.14) | (417.96) |
| Total | 373.67 | 248.52 | 918.70 |

(a) Capital reserve

Capital Reserves includes

-) Rs.26.06 lakhs of various capital incentive grants received from time to time from Government of Maharashtra on the basis of investments made in plant and machinery as backward area incentives.
- i) Rs.427.50 lakhs of reserves was created in an earlier year consequent to surrender of tenancy rights for redevelopment in exchange for office premises. The office premises have since been disposed off.

Both the capital reserves are not available for the distribution to shareholders as dividend.

(b) Securities premium reserve

Security premium account is created when shares are issued at premium. Company can use this reserve in accordance with the provisions of the Act.

(c) Retained earnings

The amount that can be distributed by the company as dividends to its equity shareholders is determined considering the requirements of the Act. Thus, the amounts reported above may not be distributable in entirety.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|------------------------|------------------------|-----------------------|
| Note 16 | | | |
| Borrowings (Non Current) | | | |
| Unsecured loan - At amortised cost | | | |
| Term Loan | | | |
| - From Banks (Refer (i) below) | - | - | 1,700.00 |
| Deferred payment liabilities | | | |
| - Interest free sales tax loan 1993 scheme (Refer (ii) below) | 27.96 | 52.70 | 84.11 |
| Loans and Advances from related party (Refer (iii) below) | 3,648.30 | 4,067.97 | 4,151.31 |
| Total | 3,676.26 | 4,120.67 | 5,935.42 |

| Particulars | Present Rate of Interest | Terms of Repayment |
|---|-----------------------------|---|
| (i) Term loan from BNP Paribas Bank is secured by a corporate guarantee from Rhodia S.A France, a subsidiary of the ultimate holding company | 10.30% | To be repaid in 2018 |
| (ii) Interest free sales tax loan 1993 scheme | - | Predetermined yearly installment repayable till 2021 |
| (iii) External Commercial Borrowing (ECB) taken from Solvay Finance Ireland a subsidiary of Solvay S.A. Belgium, the ultimate holding company | 3.20% | 5 years from the date of utilisation of respective drawdown, the maturity dates range from November 2018 to February 2020 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 17 | | | |
| Other financial liabilities (Non current) | | | |
| Interest accrued but not due on borrowings | 431.97 | 284.98 | 125.29 |
| Derivative liability | 289.02 | 299.90 | 114.42 |
| Total | 720.99 | 584.88 | 239.71 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|------------------------|------------------------|-----------------------|
| Note 18 | | | |
| Provisions (Non Current) | | | |
| Provision for Employee Benefits: | | | |
| - Compensated absences | 57.08 | 57.55 | 48.84 |
| - Gratuity | 33.16 | 26.44 | 54.14 |
| Total | 90.24 | 83.99 | 102.98 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|------------------------|------------------------|-----------------------|
| Note 19 | | | |
| Deferred tax liabilities (net) | | | |
| Deferred tax liability | | | |
| On difference between book balance and tax balance of property, plant and equipment | 726.73 | 775.42 | 909.74 |
| Deferred tax assets | | | |
| Disallowance under section 43(B) / 40 (a) of Income tax Act, 1961 | (14.27) | (12.69) | (50.93) |
| Provision on inventories | - | - | (22.37) |
| Others | - | (42.11) | (11.66) |
| Unabsorbed depreciation and unabsorbed business loss carried forward - restricted to the extent of deferred tax liability | (712.46) | (720.62) | (697.01) |
| Total | - | - | 127.77 |

* For deferred tax movement refer note 36

19.1 Unrecognised deductible temporary difference

| | | | |
|--------------------|----------|----------|----------|
| - Unused tax losse | 2,566.11 | 2,588.31 | 1,355.24 |
| - MAT Credit | 211.76 | 211.79 | 211.79 |

Note:

Unabsorbed depreciation can be carried forward indefinitely under the tax laws and other unused tax losses expires in 8 years from the year of loss.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 20 | | | |
| Borrowings (Current) | | | |
| Unsecured | | | |
| Loans repayable on demand from banks | | | |
| - Overdraft facilities | - | 0.06 | 139.20 |
| - Working capital Demand Loan | 535.00 | - | 1,000.00 |
| Loans from related party (Refer Note 38) | 6,300.00 | 4,100.00 | 3,000.00 |
| Total | 6,835.00 | 4,100.06 | 4,139.20 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|------------------------|------------------------|-----------------------|
| Trade Payables | | | |
| Total outstanding dues of Micro and Small Enterprises (Refer Note : 35) | 87.32 | 46.21 | 38.70 |
| Total outstanding dues of Creditors other than Micro and Small Enterprises | 2,308.41 | 2,046.89 | 2,452.00 |
| Total | 2,395.73 | 2,093.10 | 2,490.70 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Note 22 | | | |
| Other financial liabilities (Current) | | | |
| Current maturities of long term debts | 497.26 | 1,733.96 | 36.78 |
| Interest accrued but not due on borrowings | 132.71 | 48.55 | 98.76 |
| Other Payables | | | |
| - Payables on Capital Expenditure | 11.96 | 55.12 | 46.27 |
| - Employee benefits payable | 87.39 | 84.00 | 12.50 |
| Total | 729.32 | 1,921.63 | 194.31 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---------------------------------|------------------------|------------------------|-----------------------|
| Note 23 | | | |
| Provisions (Current) | | | |
| Provision for employee benefits | | | |
| - Compensated absences | 13.83 | 11.27 | 9.50 |
| Total | 13.83 | 11.27 | 9.50 |

Rs. In Lakhs

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|------------------------|------------------------|-----------------------|
| Note 24 | | | |
| Other current liabilities | | | |
| Other Payables | | | |
| - Statutory remittances (Contributions to PF, withholding taxes, Excise duty, Customs duty, etc) | 19.50 | 173.43 | 157.57 |
| - Advance from customers | 90.50 | 12.84 | 7.89 |
| Total | 110.00 | 186.27 | 165.46 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Note 25

Revenue from operations

Rs. In Lakhs

| Particulars | Year Ended | |
|---|------------------|------------------|
| | 31 March 2018 | 31 March 2017 |
| <u>Sale of products</u> | | |
| - Finished goods (Speciality Chemicals) | 18329.93 | 17345.38 |
| <u>Sale of services</u> | | |
| - Processing charges | 170.19 | 136.80 |
| <u>Other operating revenue</u> | | |
| - Scrap sales | 19.10 | 16.66 |
| - Duty Drawback | 7.15 | 9.93 |
| TOTAL | 18,526.37 | 17,508.77 |

Note:

Consequent to the introduction of Goods and Service Tax ("GST") with effect from 1st July 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. Accordingly, the figures for the period upto 30th June, 2017 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such understanding:

Rs. In Lakhs

| Particulars | Year Ended | |
|--|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Revenue from Operations (A) | 18,526.37 | 17,508.77 |
| Excise Duty (B) | 189.58 | 936.57 |
| Revenue from Operations excluding Excise Duty (A-B) | 18,336.79 | 16,572.20 |

Note 26

Other income

Rs. In Lakhs

| Particulars | Year Ended | |
|--|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Interest income: | | |
| - On bank deposits | 0.30 | 4.48 |
| - from others | 1.40 | - |
| Profit on sale of property, plant and equipment | - | 3.52 |
| Liabilities / provisions no longer required written back | 36.34 | 13.78 |
| Net gain on foreign currency transactions and restatements | 105.16 | - |
| Services fees recovered | 9.53 | - |
| TOTAL | 152.73 | 21.78 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Note 27

Cost of material consumed

Rs. In Lakhs

| Particulars | Year Ended | |
|--|------------------|------------------|
| | 31 March 2018 | 31 March 2017 |
| (a) Raw materials consumed | | |
| Opening stock of raw materials | 773.42 | 866.39 |
| Add: Purchases | 12,700.51 | 10,243.94 |
| Less: Closing stock of raw materials | (1,518.19) | (773.42) |
| Cost of raw materials consumed | 11,955.74 | 10,336.91 |
| (b) Packing materials consumed | | |
| Opening stock of packing materials | 58.74 | 57.05 |
| Add: Purchases | 772.08 | 596.51 |
| Less: Closing stock of packing materials | (61.55) | (58.74) |
| Cost of packing material consumed | 769.27 | 594.82 |
| Total | 12,725.01 | 10,931.73 |

Note 27.1

Excise Duty

Rs. In Lakhs

| Particulars | Year Ended | |
|-------------|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Excise Duty | 189.58 | 936.57 |
| | 189.58 | 936.57 |

Note 28

Changes in inventories of stock-in-trade, finished goods and work-in-progress

Rs. In Lakhs

| Particulars | Year Ended | |
|--|-----------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| (a) Work-in-progress | | |
| Opening stock | 70.63 | 87.62 |
| Less: Closing stock | (189.00) | (70.63) |
| | (118.37) | 16.99 |
| (b) Finished goods | | |
| Opening stock | 1,242.90 | 1,649.56 |
| Less: Closing stock | (1,264.34) | (1,242.90) |
| | (21.44) | 406.66 |
| (c) Stock in Trade | | |
| Opening stock | (0.09) | 2.18 |
| Less: Closing stock | - | - |
| | (0.09) | 2.18 |
| TOTAL (Net Increase / (Decrease)) | (139.90) | 425.83 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Note 29
Employee benefits expense

Rs. In Lakhs

| Particulars | Year Ended | |
|---|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Salaries and wages | 629.82 | 581.16 |
| Contribution to provident and other funds | 38.64 | 37.70 |
| Staff welfare expenses | 44.55 | 41.74 |
| TOTAL | 713.01 | 660.60 |

Note 30
Finance Cost

Rs. In Lakhs

| Particulars | Year Ended | |
|--|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Interest on bank overdraft and loans (other than those from related parties) | 419.64 | 443.57 |
| Interest on loans from related parties | 547.21 | 485.08 |
| Other borrowing costs | 2.16 | 3.75 |
| TOTAL | 969.01 | 932.40 |

Note 31
Depreciation

Rs. In Lakhs

| Particulars | Year Ended | |
|---|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Depreciation on Property, Plant and Equipment | 596.49 | 598.44 |
| TOTAL | 596.49 | 598.44 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Note 32

Other expenses

Rs. In Lakhs

| Particulars | Year Ended | |
|--|-----------------|-----------------|
| | 31 March 2018 | 31 March 2017 |
| Consumption of stores and spare parts | 165.46 | 167.52 |
| Power and fuel | 718.57 | 729.27 |
| Rent | 51.82 | 108.13 |
| Repairs and maintenance | | |
| - Plant and machinery | 132.86 | 100.68 |
| - Others | 11.12 | 52.75 |
| Insurance | 37.85 | 35.59 |
| Rates and taxes | 17.89 | 109.63 |
| Loss on assets sold, discarded or written off | 11.86 | 176.31 |
| Sub-contract charges | 454.28 | 378.03 |
| Legal and professional fees | 126.36 | 145.14 |
| Service charges | 544.25 | 579.29 |
| Computer maintenance expense | 112.94 | 150.40 |
| Travelling and conveyance | 43.05 | 44.35 |
| Director's sitting fees | 14.00 | 12.40 |
| Payments to Auditors (Refer Note (I) below) | 20.47 | 12.47 |
| Freight and forwarding expenses | 514.30 | 467.71 |
| Provision for doubtful trade receivables (net of recoveries) | (22.07) | 20.80 |
| Net loss on Foreign currency transactions and restatements | - | 132.45 |
| Effluent treatment charges | 305.16 | 217.50 |
| Miscellaneous Expenses | 214.39 | 198.06 |
| TOTAL | 3,474.56 | 3,838.48 |

Rs. In Lakhs

| Particulars | Year Ended | |
|---|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Payment to Auditors include: (net of service tax input credit, where applicable) | | |
| To statutory auditors | | |
| - Statutory audit fees | 18.25 | 10.25 |
| - Other services | 1.80 | 1.80 |
| - Reimbursement of expenses | 0.42 | 0.42 |
| | 20.47 | 12.47 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Note 33
Contingent Liabilities and commitments :

| | <u>As at</u> <u>31 March 2018</u> <u>Rs. in Lakhs</u> | <u>As at</u> <u>31 March 2017</u> <u>Rs. in Lakhs</u> | <u>As at</u> <u>31 March 2016</u> <u>Rs. in Lakhs</u> |
|---|---|---|---|
| (i) Contingent Liabilities: | | | |
| Claims against the Company not acknowledged as debt: | | | |
| (a) Income Tax matters | | | |
| Demand notices issued by Income Tax Department for which the Company has preferred appeal | 136.59 | 146.57 | 9.46 |
| (b) Sales Tax Matters | | | |
| Demand notices issued by Sales Tax Department for which the Company has preferred appeal | 1,244.08 | 1,244.08 | 1,244.08 |
| (c) Sales Tax Matters | | | |
| Demand issued by Dy. Commissioner of Central Excise | - | 5.11 | - |
| (d) Bank guarantees | 145.51 | 190.00 | 191.00 |
| (e) Excise Matters | | | |
| The company had received a Show Cause Notice cum Demand from the Assistant Commissioner of Central Excise & Customs demanding excise duty. The demand is raised on account of dispute over excise classification. | | 45.03 | |
| (f) In the financial year 15-16, the Company had received a legal notice from a party alleging that the Company has been using their land (approximately 0.43 acres) for the past several years and has claimed mesne profit for it aggregating Rs. 1,166.40 lakhs. The Company had replied to the said notice calling upon the party to cancel/ withdraw the notice since there was no merit in the matter raised by the party. | | | |

During the current year, the party filed a suit in the district court against the Company relating to the same matter, without mentioning any amount and has requested the Court to grant appropriate relief to it. The management is of the view that there is no merit in the matter raised by the party and the Company has a strong case. Also, since the matter is subjudice, a sufficiently reliable estimate of the possible obligation is not determinable.

Note.

- (1) Future ultimate outflow of resources embodying economic benefits in respect of matters stated under 33 (i) above is uncertain as it depends on the final outcome of judgments/ decisions on the matters involved.
- (2) Management considers that excise, service tax, sales tax and income tax demands received from the respective authorities and demand relating to land case are not tenable against the Company, and therefore no provision for these tax

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

(3) The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

Note 34

Capital Commitments

| | | | |
|---|-------|-------|--------|
| The estimated amount in respect of the contracts remaining to be executed on capital account (net of capital advances) and not provided for relating to Tangible Assets | 20.02 | 52.74 | 117.91 |
|---|-------|-------|--------|

Note 35

Dues to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small Enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in MSMED are set out in the following disclosure

| | <u>As at 31 March 2018</u> Rs. in Lakhs | <u>As at 31 March 2017</u> Rs. in Lakhs | <u>As at 31 March 2016</u> Rs. in Lakhs |
|--|--|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 87.32 | 46.21 | 38.70 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 0.82 | 0.18 | 0.29 |
| (iii) The amount of interest paid along with the amounts of the payments made to the supplier beyond the appointed day | - | - | - |
| (iv) The amount of interest due and payable for the year | 6.85 | 3.97 | 10.86 |
| (v) The amount of Interest accrued and remaining unpaid at the end of the accounting year | 21.68 | 14.83 | 10.86 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - | - |
| | | <u>For the year ended 31 March 2018</u> Rs. in Lakhs | <u>For the year ended 31 March 2017</u> Rs. in Lakhs |
| Note 36 Tax expense | | | |
| (a) Amounts recognised in profit and loss | | | |
| Current income tax | | 30.86 | - |
| Deferred tax expense | | - | (126.40) |
| Tax expense for the year | | <u>30.86</u> | <u>(126.40)</u> |
| (b) Reconciliation of effective tax rate | | | |
| | | % | <u>For the year ended 31 March 2018</u> Rs. in Lakhs |
| Profit before tax | | | 151.34 |
| Tax using the Company's domestic tax rate (MAT rate) | | | 30.86 |
| Reduction in tax rate | | 20.39% | - |
| | | | <u>30.86</u> |

* In view of loss for the year ended 31 March 2017, there is nil tax liability

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
(c) Movement in deferred tax balances : 31 March 2018

| | Net balance 1 April 2017 | Recognised in profit or loss | Recognised in OCI | Net balance 31 March 2018 |
|---|-----------------------------|------------------------------------|----------------------|---------------------------------|
| Deferred tax liability | | | | |
| Property, plant and equipment | 775.42 | (48.69) | - | 726.73 |
| Employee Benefits | (12.69) | (1.58) | - | (14.27) |
| Others | (42.11) | 42.11 | - | - |
| Unabsorbed depreciation and tax losses - restricted to Deferred tax liability | (720.62) | 8.16 | - | (712.46) |
| Tax Assets /(Liabilities) | - | - | - | - |

Movement in deferred tax balances : 31 March 2017

| | Net balance 1 April 2016 | Recognised in profit or loss | Recognised in OCI | Net balance 31 March 2017 |
|---|-----------------------------|------------------------------------|----------------------|---------------------------------|
| Deferred tax liability | | | | |
| Property, plant and equipment | 909.74 | (134.32) | - | 775.42 |
| Provision for Gratuity and compensated absences | (50.93) | 39.62 | (1.38) | (12.69) |
| Others | (34.03) | (8.09) | - | (42.11) |
| Unabsorbed depreciation and tax losses - restricted to Deferred tax liability | (697.01) | (23.61) | - | (720.62) |
| Tax Assets /(Liabilities) | 127.77 | (126.40) | (1.38) | - |

Notes :

- (i) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 37
Segment information
(a) General information

The Company is engaged in the business of specialty chemicals.

The Chief Operating Decision Maker ("CODM") i. e. the Managing Director of the Company evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segment "specialty chemicals" which is the only operating segment. There is no single customer which contributes more than 10% of the Company's total revenues.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

(b) Geographical segment information

| Geographical Segment | Revenues for the year ended 31 March, 2018 | Segment assets as at 31 March, 2018 |
|----------------------|--|---|
| | Rs. in Lakhs | Rs. in Lakhs |
| India | 10,726.50 | 14,545.34 |
| | (9,348.59) | (12,665.69) |
| Others | 7,952.60 | 1,135.01 |
| | (8,181.96) | (1,420.01) |

Figures in bracket are for the previous year ended 31 March, 2017

Note 38

Related Party Disclosures

Related Party Disclosures in accordance with the Indian Accounting Standard 24 - Related Party Disclosures" are given below:

(a) Parties where Control exists:

(i) Ultimate Holding Company:

Solvay S.A.

(ii) Holding Company:

Rhodia Amines Chemicals Pte Limited (holds 62.36% of the equity share capital in the Company)

(b) Names of the related parties with whom the Company had transactions during the year:

(i) Fellow Subsidiaries:

Solvay (China) Co. Ltd.

Solvay Specialty Chemicals Asia Pacific Pte. Ltd.

Rhodia Operations S.A.S.

Solvay Asia Pacific Co. Ltd.

Solvay Chemicals Korea Co. Ltd.

Solvay Specialties India Pvt. Ltd.

Solvay (Zhenjiang) Chemicals Co. Ltd.

Rhodia Specialty Chemicals India Private Limited (Formerly known as Rhodia Specialty Chemicals India Limited)

Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.

Solvay Solutions Italia S.p.A

Solvay CR S.R.O

Rhodia Poliamida E Especialidades S. A.

Solvay Finance Ireland Unlimited

Note : The above have been identified on the basis of the information available with the Company.

(ii) Key Management Personnel:

Mr. Manoj Khullar, Managing Director

Mr. Chidananda Bhagawat, Director and Head of Operations

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
(c) Transactions with the Related Parties:

| | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|-------------------------------------|-------------------------------------|
| | Rs. in Lakhs | Rs. in Lakhs |
| (i) Fellow Subsidiaries | | |
| Sale of goods: | | |
| Solvay (Zhenjiang) Chemicals Co. Ltd. | 8.23 | 4.70 |
| Rhodia Specialty Chemicals India Private Limited (Formerly known as Rhodia Specialty Chemicals India Limited) | 589.94 | 481.27 |
| Solvay Chemicals Korea Co. Ltd. | 12.66 | 11.16 |
| Solvay Specialty Chemicals Asia Pacific Pte. Ltd. | 431.50 | 70.64 |
| Solvay CR S.R.O | - | 6.98 |
| Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd. | 82.33 | 1.10 |
| Rhodia Poliamida E Especialidades S. A | 0.24 | - |
| | <u>1124.90</u> | <u>575.85</u> |
| Purchase of Raw Materials: | | |
| Rhodia Specialty Chemicals India Private Limited (Formerly known as Rhodia Specialty Chemicals India Limited) | 163.77 | 100.84 |
| Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd. | 367.45 | 419.49 |
| Solvay Solutions Italia S.p.A | 29.28 | - |
| Solvay Specialty Chemicals Asia Pacific Pte. Ltd. | 23.34 | - |
| | <u>583.84</u> | <u>520.33</u> |
| Rendering of services: | | |
| Rhodia Specialty Chemicals India Private Limited (Formerly known as Rhodia Specialty Chemicals India Limited) | 9.53 | - |
| | <u>9.53</u> | <u>-</u> |
| Reimbursement of Expenses from: | | |
| Solvay (China) Co. Ltd. | 4.68 | - |
| Solvay Specialty Chemicals Asia Pacific Pte. Ltd. | 1.00 | - |
| Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd. | - | 5.85 |
| Receiving of services: | | |
| Rhodia Specialty Chemicals India Private Limited (Formerly known as Rhodia Specialty Chemicals India Limited) | 479.28 | 515.74 |
| Rhodia Operations S.A.S. | 112.97 | 150.40 |
| Solvay (China) Co. Ltd. | - | 61.81 |
| Solvay Specialties India Pvt. Ltd. | 65.30 | 72.62 |
| Rhodia Poliamida E Especialidades S. A. | 0.77 | - |
| Solvay Chemicals Korea Co. Ltd. | 38.09 | - |
| | <u>696.38</u> | <u>800.57</u> |
| | <u>As at 31 March 2018</u> | <u>As at 31 March 2017</u> |
| | <u>Rs. in Lakhs</u> | <u>Rs. in Lakhs</u> |
| Inter corporate loan taken: | | <u>As at 31 March 2016</u> |
| Solvay Specialties India Pvt. Ltd. | 2,200.00 | 1,900.00 |
| Inter corporate loan repaid: | | <u>Rs. in Lakhs</u> |
| Solvay Specialties India Pvt. Ltd. | - | 300.00 |
| | - | - |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Interest expense on inter-corporate loan taken:

| | | | |
|------------------------------------|--------|--------|--------|
| Solvay Specialties India Pvt. Ltd. | 366.75 | 328.35 | 182.02 |
|------------------------------------|--------|--------|--------|

External Commercial Borrowings (ECB) taken

| | | | |
|----------------------------------|---|---|---------|
| Solvay Finance Ireland Unlimited | - | - | 4193.94 |
|----------------------------------|---|---|---------|

Interest expense on ECB loan taken:

| | | | |
|----------------------------------|--------|--------|--------|
| Solvay Finance Ireland Unlimited | 180.46 | 156.74 | 125.29 |
|----------------------------------|--------|--------|--------|

(d) Balances outstanding as at year end:

Amount Payable:

Fellow subsidiaries:

| | | | |
|--------------------------|--------|-------|--------|
| Rhodia Operations S.A.S. | 155.64 | 37.73 | 193.83 |
|--------------------------|--------|-------|--------|

| | | | |
|--|-------|--------|--------|
| Rhodia Specialty Chemicals India Private Limited (Formely known as Rhodia Specialty Chemicals India Limited) | 69.43 | 411.73 | 233.90 |
|--|-------|--------|--------|

| | | | |
|--|--------|--------|---|
| Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd. | 241.34 | 121.83 | - |
|--|--------|--------|---|

| | | | |
|------------------------------------|------|------|------|
| Solvay Specialties India Pvt. Ltd. | 5.69 | 9.03 | 0.90 |
|------------------------------------|------|------|------|

| | | | |
|---|------|---|---|
| Rhodia Poliamida E Especialidades S. A. | 0.79 | - | - |
|---|------|---|---|

| | | | |
|---------------------------------|-------|---|---|
| Solvay Chemicals Korea Co. Ltd. | 38.73 | - | - |
|---------------------------------|-------|---|---|

| | | |
|---------------|---------------|---------------|
| <u>511.62</u> | <u>580.33</u> | <u>428.65</u> |
|---------------|---------------|---------------|

Amount Receivable:

| | | | |
|---------------------------------|--|-------|------|
| Solvay Chemicals Korea Co. Ltd. | | 10.75 | 1.17 |
|---------------------------------|--|-------|------|

| | | | |
|---|-------|-------|-------|
| Solvay Specialty Chemicals Asia Pacific Pte. Ltd. | 76.20 | 39.99 | 48.25 |
|---|-------|-------|-------|

| | | | |
|--|--------|-------|-------|
| Rhodia Specialty Chemicals India Private Limited (Formely known as Rhodia Specialty Chemicals India Limited) | 211.24 | 89.41 | 43.66 |
|--|--------|-------|-------|

| | | | |
|---------------------------------------|---|---|-------|
| Solvay (Zhenjiang) Chemicals Co. Ltd. | - | - | 49.06 |
|---------------------------------------|---|---|-------|

| | | | |
|--|-------|---|-------|
| Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd. | 28.75 | - | 19.24 |
|--|-------|---|-------|

| | | | |
|-------------------------|------|---|---|
| Solvay (China) Co. Ltd. | 5.00 | - | - |
|-------------------------|------|---|---|

| | | |
|---------------|---------------|---------------|
| <u>321.19</u> | <u>140.15</u> | <u>161.38</u> |
|---------------|---------------|---------------|

Loan Outstanding:

| | | | |
|------------------------------------|----------|----------|----------|
| Solvay Specialties India Pvt. Ltd. | 6,364.46 | 4,148.55 | 3,041.36 |
|------------------------------------|----------|----------|----------|

(includes interest accrued but not due of Rs. 64.46 lakhs (2017 - Rs. 48.55 Lakhs, 2016 - Rs.41.36 Lakhs)

| | | | |
|----------------------------------|----------|----------|----------|
| Solvay Finance Ireland Unlimited | 4,765.98 | 4,352.95 | 4,276.60 |
|----------------------------------|----------|----------|----------|

(includes interest accrued but not due of Rs. 500.22 (2017 - Rs. 284.78 Lakhs, 2016 - Rs.125.29 Lakhs)

| | | |
|------------------|-----------------|-----------------|
| <u>11,130.40</u> | <u>8,501.49</u> | <u>7,317.96</u> |
|------------------|-----------------|-----------------|

(e) Current maturities of long term debts from bank (Note 22) of Rs.Nil (previous year Rs.1,700 Lakhs) were secured by a corporate guarantee from Rhodia SA France, a subsidiary of the ultimate holding company. The loan is repaid during the year on maturity and the bank guarantee is cancelled.

(f) No amounts have been written off/ provided for or written back in respect of amounts receivable from or payable to the related parties.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
(g) Key management personnel compensation

| | <u>As at</u> <u>31 March 2018</u> <u>Rs. in Lakhs</u> | <u>As at</u> <u>31 March 2017</u> <u>Rs. in Lakhs</u> |
|------------------------------|---|---|
| Short-term employee benefits | 40.12 | 0.12 |
| | <u>40.12</u> | <u>0.12</u> |
| Directors Sitting Fees | | |
| | <u>As at</u> <u>31 March 2018</u> <u>Rs. in Lakhs</u> | <u>As at</u> <u>31 March 2017</u> <u>Rs. in Lakhs</u> |
| Ajit Shah | 4.40 | 3.60 |
| Aruna Soman | 2.00 | - |
| Sanjeev Mukherjee | 1.20 | 3.20 |
| R. L. Shenoy | 4.00 | 3.20 |
| Satish Kelkar | 2.40 | 2.40 |
| | <u>14.00</u> | <u>12.40</u> |

Note 39

Details of Employee Benefits as required by the Indian Accounting Standard (Ind AS) 19 "Employee Benefits" are as follows:

1) Defined contribution plan:

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.26.19 Lakhs (Year ended 31 March, 2017 Rs.22.68 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

2) Defined Benefit Plan (Funded)
(a) A general description of the Employees Benefit Plan:

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees.

The plan provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of the employment. Gratuity is calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon the completion of five years of service.

(b) The Plan exposes the Company to the following risks:

| | |
|-----------------|---|
| Investment risk | The return on investments will impact the position of the defined benefit plan liability. If the return falls, net defined benefit obligation will increase the value of the liability. |
| Interest risk | The defined benefit obligation calculated uses a discount rate based on government bonds. All other aspects remaining same, if bond yields fall, the defined benefit obligation will increase the value of the liability. |
| Longevity risk | The company has used certain mortality and attrition assumptions in the valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumptions considered. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

(c) Details of defined benefit plan - as per Actuarial Valuation:

| Particulars | For the year ended 31 March 2018 Rs. in Lakhs | For the year ended 31 March 2017 Rs. in Lakhs |
|--|---|---|
| Gratuity: | | |
| 1) Change in present value obligation: | | |
| Present value of defined benefit obligation at the beginning of the year | 132.82 | 113.99 |
| Current Service Cost | 10.28 | 8.49 |
| Interest Cost | 8.64 | 8.40 |
| Acturial (gains)/Loss | | |
| Acturial (gains) / losses arising from changes in demographic assumption | (6.61) | 8.71 |
| Acturial (gains) / losses arising from changes in financial assumption | - | - |
| Acturial (gains) / losses arising from changes in experience adjustment | 1.92 | (2.26) |
| Past Service Cost | 0.74 | - |
| Benefits Paid | (3.58) | (4.51) |
| Present value of defined benefit obligation at the end of the year | 144.21 | 132.82 |
| 2) Changes in Fair value of Plan Assets | | |
| Fair value of plan assets at the beginning of the year | 106.78 | 59.85 |
| Expected Return on Plan Assets | 7.88 | 4.54 |
| Acturial Gain/(Loss) | (0.02) | 2.00 |
| Employer's Contributions | - | 44.90 |
| Benefits Paid | (3.59) | (4.51) |
| Fair value of plan assets at the end of the year | 111.05 | 106.78 |
| 3) Net Benefit (Asset)/ Liability | | |
| Present value of funded defined benefit obligation | 144.21 | 132.82 |
| Fair value of plan assets | 111.05 | 106.78 |
| Net Benefit (Asset)/Liability | 33.16 | 26.04 |
| 4) Expenses recognised in the Statement of Profit and Loss | | |
| Current Service Cost | 10.28 | 8.49 |
| Past Service Cost | 0.75 | - |
| Interest cost on benefit obligation (net) | 0.76 | 3.86 |
| Total Expenses recognised in the Statement of Profit and Loss | 11.79 | 12.35 |
| 5) Remeasurement Effects Recognised in Other Comprehensive Income | | |
| Acturial (gains) / losses arising from changes in demographic assumption | - | - |
| Acturial (gains) / losses arising from changes in financial assumption | (6.61) | 8.71 |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

| | | |
|--|--|--|
| Actuarial (gains) / losses arising from changes in experience adjustment | 1.92 | (2.26) |
| Return on plan asset | 0.02 | (2.00) |
| Recognised in Other Comprehensive Income | (4.67) | 4.45 |
| 6) Actuarial Assumptions | | |
| Discount Rate | 7.55% | 6.90% |
| Salary Escalation Rate | 8.00% | 8.00% |
| Retirement age | 60 | 60 |
| Attrition: | | |
| 21-44 years | 12.00% | 12.00% |
| 45 & above | 2.00% | 2.00% |
| Mortality tables | Indian Assured Lives Mortality (2006-08)Ult | Indian Assured Lives Mortality (2006-08)Ult |
| | Rs. in Lakhs | Rs. in Lakhs |
| 7) Estimated amounts of contribution in the immediate next year | 20.00 | 30.00 |
| 8) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. | | |
| 9) The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors. | | |
| | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
| 10) The major categories of Plan Assets as a percentage of the total plan assets | | |
| Insurer managed funds | 100% | 100% |
| 11) Sensitivity analysis | | |
| Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below. | | |
| | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
| (i) Discount rate (25 basis point) | | |
| Increase | -1.66 | -1.80 |
| Decrease | 1.72 | -1.86 |
| (ii) Future salary escalation rate (25 basis point) | | |
| Increase | 1.71 | 1.74 |
| Decrease | -1.66 | -1.70 |
| The Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated. | | |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

12) Defined benefit obligation - Average duration

The weighted average duration of the defined benefit obligation is 6.76 years (31 March 2017: 6.54 years).

13) Other long term employee benefits

Compensated absences are payable to employees. The charge towards compensated absences for the year ended 31 March 2018 based on actuarial valuation using the projected accrued benefit method is Rs.3.03 lakhs (31 March 2017 : Rs.12.30 lakhs).

Note 40

Earnings Per Equity Share

| | | For the year ended 31 March 2017 | For the year ended 31 March 2018 |
|---|--------------|-------------------------------------|-------------------------------------|
| (a) Weighted average number of equity shares outstanding as at the Balance Sheet date | Nos. | 7,353,060 | 7,353,060 |
| (b) Nominal value of share | Rs. | 10 | 10 |
| (c) Net Profit / (Loss) attributable to equity shareholders | Rs. In Lakhs | 120.48 | (667.10) |
| (d) Earnings per share (basic and diluted) | Rs. | 1.64 | (9.07) |

Note 41

Disclosure of Holdings as well as dealings in Specified Bank Notes:

Pursuant to the notification dated 30th March, 2017 issued by the Ministry of Corporate Affairs (MCA), the Company has to disclose the holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Also pursuant to another notification issued by MCA on the same date amending the Schedule III of the Companies Act, 2013 requiring the company to disclose the details of Specified Bank Notes held and transacted during the period from 8 November, 2016 to 30 December, 2016. The details are as given below:

| | SBNs | Other denomination notes | | Total |
|---------------------------------------|------|--------------------------|-------|---------------|
| Closing cash in hand as on 08.11.2016 | - | 100 x 95 | 9500 | 9532 |
| | - | 10 x 3 | 30 | |
| | - | 2 x 1 | 2 | |
| | - | 2000 x 8 | 16000 | |
| | - | 20 x 100 | 2000 | |
| | - | 10 x 200 | 2000 | |
| Add: Permitted receipts | | | | 20000 |
| Less: Permitted payments | | | | - |
| Less: Amount deposited in Banks | | | | - |
| Closing cash in hand as on 30.12.2016 | | | | 29,532 |

This disclosure pertains to the year ended 31 March 2017. A similar disclosure for the year ended 31 March 2018 is not required.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Note 42
Financial instruments
(A) Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company is not subject to any externally imposed capital requirements.

(B) Categories of financial instruments

| Particulars | Rs. In lakhs | | |
|---|----------------------|----------------------|---------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
| Financial assets | | | |
| Measured at amortised cost : | | | |
| (a) Trade receivables | 2,973.49 | 2,723.72 | 2,544.09 |
| (b) Cash and cash equivalents | 263.21 | 124.02 | 212.16 |
| (c) Loans | 20.28 | 27.09 | 5.70 |
| (d) Other financial assets | 34.33 | 34.33 | 34.67 |
| Financial liabilities | | | |
| Measured at fair value through profit or loss (FVTPL) : | | | |
| Other financial liabilities - Derivative Liability | 289.02 | 299.90 | 114.42 |
| Measured at amortised cost | | | |
| (a) Borrowings | 11,573.20 | 10,288.21 | 10,335.45 |
| (b) Trade payables | 2,395.73 | 2,093.10 | 2,490.70 |
| (c) Other financial liabilities | 99.35 | 139.12 | 58.77 |

(C) Fair value measurements

This note provides information about how the group determines fair values of various financial assets and financial liabilities. Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of the Company's financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how their fair values are determined (in particular, the valuation technique(s) and inputs used).

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Rs. In lacs

| Financial Liabilities | Fair value as at | | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|---|------------------|----------------|---------------|----------------------|--|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 | | |
| Derivative Liabilities - Principal Swap | 289.02 | 299.90 | 114.42 | Level 2 | The fair value is determined using quotes from Banks and financial institutions with whom the Company contracts. |

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Company is of the belief that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

(D) Financial risk management objectives

The Company's principal financial liabilities comprise borrowings, trade payables, Other financial liabilities (including derivative liability). The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables and cash that are derived directly from its operations.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

ii. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

| | As at 31 March 2018 Rs. in lakhs | As at 31 March 2017 Rs. in lakhs | As at 1 April 2016 Rs. in lakhs |
|----------------------------------|--|--|---------------------------------------|
| Neither past due nor impaired | 2,600.33 | 2,321.03 | 2,199.36 |
| Past due but not impaired | | | |
| Past due 1-90 days | 309.95 | 350.59 | 311.99 |
| Past due 91-180 days | 55.12 | 52.09 | 21.89 |
| Past due more than 180 days | 8.09 | - | 10.86 |
| | 2,973.49 | 2,723.72 | 2,544.09 |

Expected credit loss assessment for customers as at 1 April 2016, 31 March, 2017 and 31 March, 2018

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at March 31, 2018 related to customers who have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | Rs. in lakhs |
|------------------------------|--------------|
| Balance as at 1 April, 2016 | 25.33 |
| Impairment loss recognised | 20.80 |
| Amounts written off | - |
| Balance as at 31 March, 2017 | 46.13 |
| Impairment loss recognised | - |
| Amounts written back | (22.07) |
| Balance as at 31 March, 2018 | 24.06 |

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks and financial institutions of Rs. 263.21 lakhs as at 31 March 2018. (Rs. 124.02 lakhs as at 31 March 2017; Rs.212.16 lakhs as at 31 March 2016).

Derivatives

The derivatives are entered into principal only swap with credit worthy banks and financial institution counterparties.

The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

Other than trade and other receivables, the Company has no other financial assets that are past due and impaired.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

(E) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company has obtained term loan from bank which is repayable in full in 2018. Furthermore, the Company has access to funds from related party as external commercial borrowings.

Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- * all non derivative financial liabilities
- * Derivative financial instruments for which the contractual maturities are essential for understanding the timing of the cash flows.

| As at 31 March 2018 | BS | | Contractual cash flows | | | |
|---|-----------------|-----------|------------------------|-----------|-----------|-------------------|
| | Carrying amount | Total | 1 year or less | 1-2 years | 2-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Borrowings | 11,573.20 | 11,949.19 | 7,763.31 | 2,408.00 | 1,777.88 | - |
| Trade and other payables | 2,395.73 | 2,395.73 | 2,395.73 | | | |
| Other financial liabilities | 99.35 | 99.35 | 99.35 | | | |
| Derivative financial liabilities | | | | | | |
| Principal swap | | | | | | |
| Inflow | | 4,085.93 | 437.64 | 2,085.79 | 1,562.51 | |
| Outflow | 289.02 | 4,172.91 | 446.95 | 2,130.18 | 1,595.77 | |
| As at 31 March 2017 | | | | | | |
| Contractual cash flows | | | | | | |
| | Carrying amount | Total | 1 year or less | 1-2 years | 2-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Borrowings | 10,288.21 | 10,692.83 | 6,182.47 | 520.41 | 3,989.95 | - |
| Trade and other payables | 2,093.10 | 2,093.10 | 2,093.10 | - | - | - |
| Other financial liabilities | 139.12 | 55.12 | 55.12 | - | - | - |
| Derivative financial liabilities | | | | | | |
| Principal swap | | | | | | |
| Inflow | | 4,067.97 | - | 435.71 | 3,632.62 | - |
| Outflow | 299.90 | 4,172.91 | - | 446.95 | 3,725.95 | - |
| As at 1 April 2016 | | | | | | |
| Contractual cash flows | | | | | | |
| | Carrying amount | Total | 1 year or less | 1-2 years | 2-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Borrowings | 10,355.45 | 10,471.47 | 4,331.47 | 1,733.96 | 4,381.26 | 24.49 |
| Trade and other payables | 2,490.70 | 2,490.70 | 2,490.70 | - | - | - |
| Other financial liabilities | 58.77 | 58.77 | 58.77 | - | - | - |

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)
Derivative financial liabilities
Principal swap

| | | | | | | |
|---------|--------|----------|---|---|----------|---|
| Inflow | | 4,150.58 | - | - | 4,150.58 | - |
| Outflow | 114.42 | 4,172.91 | - | - | 4,172.91 | - |

Financing facilities

| | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|---|----------------------|----------------------|---------------------|
| Unsecured bank overdraft facility, reviewed annually and payable at call: | | | |
| - amount used | - | 0.06 | 139.20 |
| - amount unused | 4,500.00 | 4,499.94 | 4,360.80 |
| | 4,500.00 | 4,500.00 | 4,500.00 |
| Unsecured bank loan facilities | | | |
| - amount used | - | - | - |
| - amount unused | - | - | - |
| | - | - | - |
| Loan from related party | | | |
| - amount used | - | - | - |
| - amount unused | - | - | - |
| | - | - | - |

(F) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar and Euro, against the respective functional currencies of the Company.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange exposure. The Company does not use derivative financial instruments for trading or speculative purposes.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

| Particulars | 31 March 2018 | | 31 March 2017 | | 1 April 2016 | |
|---|---------------|---------------------|---------------|---------------------|--------------|---------------------|
| | FC | INR Rs. in Lakhs | FC | INR Rs. in Lakhs | FC | INR Rs. in Lakhs |
| Borrowings | | | | | | |
| External Commercial Borrowings (ECB) | | | | | | |
| USD | 6,264,683 | 4,085.94 | 6,264,683 | 4,067.97 | 6,264,683 | 4,151.31 |
| Interest accrued and due on ECB | | | | | | |
| USD | 674,623 | 440.00 | 369,372 | 239.85 | 126,794 | 84.01 |
| Interest accrued but not due on ECB | | | | | | |
| USD | 92,338 | 60.22 | 69,191 | 44.93 | 62,316 | 41 |
| Trade receivables | | | | | | |
| EUR | 746,295 | 581.95 | 748,710 | 519.40 | 869,380 | 656 |
| USD | 1,798,744 | 1,147.62 | 1,339,980 | 870.12 | 950,771 | 630 |
| Trade payables | | | | | | |
| EUR | 188,237 | 141.43 | 487 | 0.34 | 268,156 | 202 |
| USD | 370,879 | 238.95 | 294,280 | 191.43 | 599,073 | 397 |
| Net statement of financial position exposure | | | | | | |
| EUR | (558,058) | (440.52) | (748,223) | (519.06) | (601,224) | (454) |
| USD | 5,603,778 | 3,677.49 | 5,657,546 | 3,674.06 | 6,102,095 | 4,044 |
| Principal swap | | | | | | |
| USD (@closing rate) | 6,264,683 | 4,085.93 | 6,264,683 | 4,068 | 6,264,683 | 4,151 |
| Net exposure | | | | | | |
| EUR | (558,058) | (441) | (748,223) | (519) | (601,224) | (454) |
| USD | (660,905) | (408) | (607,137) | (394) | (162,588) | (107) |

Sensitivity analysis

A 10% strengthening / weakening of the respective foreign currencies with respect to functional currency of Company would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

| Effect | Profit or loss | | Equity | |
|---------------|----------------|--------------|---------------|--------------|
| | Strengthening | Weakening | Strengthening | Weakening |
| | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs |
| 31 March 2018 | | | | |
| EUR | 44.05 | (44.05) | 44.05 | (44.05) |
| USD | 40.84 | (40.84) | 40.84 | (40.84) |
| 31 March 2017 | | | | |
| EUR | 51.91 | (51.91) | 51.91 | (51.91) |
| USD | 39.39 | (39.39) | 39.39 | (39.39) |
| 1 April 2016 | | | | |
| EUR | 45.35 | (45.35) | 45.35 | (45.35) |
| USD | 10.70 | (10.70) | 10.70 | (10.70) |

(Note: The impact is indicated on the profit/loss and equity before tax basis)

(G) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to fixed deposits and borrowings from financial institutions.

Nominal amount (Rs. in lakhs)

| Particulars | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|--------------------------|------------------|------------------|------------------|
| Borrowings | | | |
| Fixed rate borrowings | 6,987.19 | 5,935.21 | 5,904.88 |
| Variable rate borrowings | 4,586.01 | 4,352.81 | 4,430.57 |
| | <u>11,573.20</u> | <u>10,288.02</u> | <u>10,335.45</u> |

Interest rate sensitivity - fixed rate instruments

The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased equity and profit or loss by amounts shown below. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date.

Notes forming part of the financial statements for the year ended on 31 March 2018 (Contd.)

| (Rupees in lakhs) | Profit or loss | | Equity | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| As at 31 March 2018 | | | | |
| ECB | (45.86) | 45.86 | (45.86) | 45.86 |
| | - | - | - | - |
| Sensitivity (net) | (45.86) | 45.86 | (45.86) | 45.86 |
| As at 31 March 2017 | | | | |
| ECB | (43.53) | 43.53 | (43.53) | 43.53 |
| | - | - | - | - |
| Sensitivity (net) | (43.53) | 43.53 | (43.53) | 43.53 |

(Note: The impact is indicated on the profit/loss and equity before tax basis)

Note 43 Approval of financial statements

The financial statements were approved for issue by the board of directors on 28 May 2018.

For and on behalf of the Board of Directors
Sunshield Chemicals Limited

R. L. Shenoy
Chairman
(DIN No.0074761)

Ajit Shah
Director
(DIN No.02396765)

Chidananda Bhagwat
Director
(DIN NO:07804785)

Rajeev Gupte
Chief Financial Officer

Amit Kumashi
Company Secretary

If undelivered, please return to:
Sunshineld Chemicals Limited
Phoenix House, 'A' Wing, 4th Floor
462, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013. India

ATTENDANCE SLIP

(To be presented at the entrance duly signed)

| |
|--|
| |
|--|

I hereby record my presence at the 31st ANNUAL GENERAL MEETING of the Company at Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021, at 11.00 a.m on Tuesday, the 25th September 2018.

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 31st Annual General Meeting. The voting period starts from 9.00 am on Saturday, the 22nd September 2018 and ends at 5.00 pm on Monday, the 24th September 2018. The voting portal shall be disabled by NSDL for voting thereafter.

PROXY FORM

| | |
|-------------------------|--|
| Name of the member(s) : | |
| Registered address : | |
| E-mail ID : | |
| Folio No/Client 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 Thirty First Annual General Meeting of the Company to be held on Tuesday, the 25th September 2018, at 11.00 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:1. Adoption of financial statement for the year ended 31st March, 2018, together with Auditors' Report and Directors' Report

2. Reappointment of Mr. Ian Brown as Director, who retires by rotation

Special Business:

- Appointment of Mr. Boon Tong Koh as Director of the Company
- Appointment of Mr. Yockjeng Goh as Director of the Company
- Approval of remuneration of Cost Auditors
- Reappointment of Mr. Manoj Khullar as an Managing Director of the Company
- Appointment of Mr. Srivatsa M K as an Director of the Company
- Increasing the borrowing limits

Signed this day of, 2018

Signature of the shareholder :

Signature of Proxy holder(s) :

| |
|--|
| Affix Rupee One Revenue Stamp |
|--|

- Notes:**
- This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Phoneix House, A wing, 4th Floor, 462, 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 31st Annual General Meeting.